4.4. Amortization and depreciation of tangible and other intangible assets for the years ended December 31, 2006 and 2005.

(In millions of euros)	Note	Year Ended December 31, 2006	2005
Amortization (excluding intangible assets acquired through business combinations)		€ (1,357)	€ (1,286)
o/w property, plant and equipment	12.2	*(905)*	*(870)*
content assets		*(50)*	*(41)*
other tangible assets		*(402)*	*(375)*
Amortization of intangible assets acquired through business combinations		(223)	(239)
o/w content assets	10.1	*(199)*	*(201)*
other intangible assets		*(24)*	*(38)*
Impairment losses of other intangible assets acquired through business combinations		-	(170)
o/w impairment of goodwill losses	9.2	-	*(46)*
other non cash write-off	14.2	-	*(124)*
Amortization and depreciation of tangible and intangible assets		**€ (1,580)**	**€ (1,695)**

Note 5. Financial Charges and Income for the years ended December 31, 2006 and 2005

5.1. Interest

(In millions of euros)	Year Ended December 31, 2006	2005
Interest expenses on borrowings	€ (286)	€ (262)
Interest income from cash and cash equivalents	80	45
Interest income (expenses) from interest rate swaps	3	(1)
Interest at nominal rate	**€ (203)**	**€ (218)**
Premiums incurred for early redemption of notes and other financial liabilities (a)	-	*(71)*
Other impacts of amortized cost on borrowings (a)	*(26)*	*(44)*
Interest at effective rate	***(229)***	***(333)***

(a) Premiums incurred for early redemption of notes and other financial liabilities and other impacts of amortized cots on borrowings are recorded under "Impacts of amortized cost on borrowings" in other financial charges. Please refer note 5.3, hereafter.

5.2. Income from investments

(In millions of euros)	Year Ended December 31, 2006	2005
Dividends received from non consolidated companies	€ 36	€ 38
Interest income from loans to equity affiliates and other financial receivables	18	37
Income from investments	**€ 54**	**€ 75**

5.3. Other financial charges and income

(In millions of euros)	Note	Year ended December 31, 2006		2005
Other capital gain on the divestiture of businesses		€ 189		€ 322
Downside adjustment on the divestiture of businesses		(104)		(26)
Other capital gain on financial investments		932	(a)	490
Downside adjustment on financial investments		(631)	(b)	(25)
Financial components of employee benefits	20.2.2	(32)		(35)
Impacts of amortized cost on borrowings	5.1	(26)		(115)
Change in derivative instruments		24		(2)
Other		(41)		10
Other financial charges and income		**311**		**619**

(a) Includes the capital gain realized on the sale of Veolia Environnement shares (€832 million). Please refer to section 15.1 "Changes in available-for-sale securities during the years ended December 31, 2006 and December 31, 2005".

(b) Includes the capital losses incurred on the PTC shares (€496 million). Please refer to Notes 2.4 "Stake in PTC" and 15.1 "Changes in available-for-sale securities during the years ended December 31, 2006 and December 31, 2005".

Note 6. Income Taxes for the years ended December 31, 2006 and 2005

6.1. Settlement of litigation on DuPont shares

At the beginning of June 2006, Vivendi announced that an agreement had been reached with the United States Internal Revenue Service (IRS), ending their dispute concerning the amount of tax due on the redemption of DuPont shares from Seagram in April 1995. The agreement reached with the IRS provided for a payment by Vivendi in the total amount of approximately $671 million (€521 million), including tax of $284 million and interest of $387 million.

As a result, after including the payment made in connection with the agreement with the IRS (-$671 million) and a tax credit related to the deductible portion of this payment ($135 million), the reversal of the entire deferred tax liability established in connection with this matter ($1,847 million) recorded on the Group's balance sheet resulted in a net gain of $1,311 million (€1,019 million) which was recorded under "Provision for income taxes" and breaks down as follows:

- Reversal of the deferred tax liability of $1,547 million, recorded by Seagram in April 1995, net of tax of $284 million paid in connection with the agreement with the IRS, generated a gain of $1,263 million. This deferred tax liability corresponded to the additional tax which would have been owed to the IRS if the gain on the DuPont share redemption in 1995 had been fully taxable.
- The difference between the reversal of the provision for interest in an amount of $462 million ($300 million after accounting for the tax benefit of deductible interest resulting in a savings of $162 million), and interest paid of $387 million ($252 million after accounting for the tax benefit of deductible interest resulting in a savings of $135 million), generated a gain of $75 million or $48 million after taking into account the effect on income tax of tax-deductible interest. This interest was provided for by Vivendi in December 2000 as part of the allocation of the purchase price of Seagram.

Furthermore, the agreement with the IRS provided that the 16.4 million DuPont shares that Vivendi has held since its merger with Seagram could be freely transferred and therefore subject to taxation in accordance with ordinary general tax rules. At the end of June 2006, Vivendi sold these shares at a unit price of $40.82, for a total amount of $671 million (€534 million), resulting in an accounting loss of $123 million (€98 million) and a capital gain, for tax purposes, of $523 million (€417 million). The tax on the capital gain is fully covered by the above mentioned tax-deductible interest and the US tax loss carry-forwards of Vivendi.

6.2. Consolidated Global Profit Tax System

On December 23, 2003, Vivendi applied to the French Ministry of Finance for permission to use the Consolidated Global Profit Tax System under Article 209 quinquies of the French tax code. Authorization was granted by an order, dated August 22, 2004, and notified on August 23, 2004, for a five-year period beginning with the taxable year 2004 and ending with the taxable year as of December 31, 2008. This period may be extended for an additional three-year period. Therefore, Vivendi is entitled to consolidate its own profits and losses (including tax losses carried forward as of December 31, 2003) with the profits and losses of its subsidiaries operating within and outside France. Subsidiaries in which Vivendi owns at least 50% of outstanding shares, both French and foreign, as well as Canal+ S.A., fall within the scope of the Consolidated Global Profit Tax System, including, but not limited to Universal Music Group, Vivendi Games, CanalSat, SFR and, as of January 1, 2005, Maroc Telecom. The 2004 Finance Act authorized the unlimited carry forward of existing ordinary losses as of December 31, 2003, which, combined with Vivendi's permission to use the Consolidated Global Profit Tax System, enables Vivendi to maintain its capacity to use ordinary losses carried forward.

The effect of applying the Consolidated Global Profit Tax System on the valuation of losses carried forward is as follows:

- As of December 31, 2005, Vivendi carried forward losses of €10,610 million as the head company consolidating for tax purposes the results of its French and foreign subsidiaries (based on tax results converted in accordance with French tax rules for the latter) in which it held at least a 50% equity interest, as well as of Canal+ SA.
- On February 27, 2007, the date of the Management Board's meeting held to approve the financial statements for the year ended December 31, 2006, the 2006 taxable profits of the tax group companies, as of December 31, 2006 and, as a consequence, the amount of ordinary tax losses available for carry forward as such date, cannot be determined with sufficient certainty in accordance with French tax rules.
- Therefore, before the impact of 2006 taxable profits on the future utilization of ordinary tax losses carried forward, Vivendi SA will be able to achieve maximum tax savings up to €3,537 million (undiscounted value based on the current income tax rate of 33.33%).
- Nonetheless, the period during which losses will be utilized cannot currently be determined with sufficient precision given the uncertainty associated with economic activity and Vivendi's ability to maintain SFR or the Canal+ Group, (two French entities) in its taxable income basket. As a result, Vivendi values its tax losses carried forward under the Consolidated Global Profit Tax System based on one year's forecast results, taken from the following year's budget.

Impact of the Consolidated Global Profit Tax System on the Consolidated Financial Statements for the years end December 31, 2006 and 2005 is as follows:

(in millions of euros)	December 31, 2004	Income in the statement of earnings	Collections	December 31, 2005	Income in the statement of earnings	Collections	**December 31, 2006**
Current taxes	€ 464	€ 507	€ (464)	€ 507	€ 602 (a)	€ (505)	€ 604
Deferred tax assets	492	88	-	580	(43)	-	537
	€ 956	€ 595	€ (464)	€ 1,087	€ 559	€ (505)	€ 1,141

(a) Corresponds to the expected tax savings for 2006 (€604 million) and the difference between the 2005 forecasted tax savings and the related 2005 tax savings received in 2006.

As of December 31 2006, current taxes corresponded to the 2006 expected tax savings. Deferred tax assets corresponded to the 2007 forecasted tax savings.

6.3. Provision for income taxes

(In millions of euros)	Note	Year Ended December 31, 2006	2005
Provision for income taxes:			
Current			
DuPont shares litigation settlement	6.1	€ (521)	€ -
Use of tax losses:			
Tax savings related to the Consolidated Global Profit Tax System	6.2	604	507
Tax savings related to the US fiscal group		217	258
Adjustments to prior year tax expense (a)		26	49
Other income taxes items		(1,688)	(1,505)
		€ (1,362)	€ (691)
Deferred			
DuPont shares litigation settlement	6.1	€ 1,603	€ -
Impact of the Consolidated Global Profit Tax System	6.2	(43)	88
Other changes in deferred tax assets		78	145
Impact of the change(s) in tax rates		-	(16)
Reversal of tax liabilities relating to risks extinguished over the period		272	256
Other deferred tax income / (expenses)		(1)	14
		€ 1,909	€ 487
Provision for income taxes		€ 547	€ (204)

(a) Includes prior year's income tax and tax penalties adjustments, if any.

6.4. Provision for income taxes and income tax paid by geographical area

		Year Ended December 31,			
(In millions of euros)		2006		2005	
Provision for income taxes:					
Current					
France		€	(497)	€	(437)
US			(539)		7
including DuPont shares tax litigation settlement (-€521 million in 2006)	6.1				
Morocco			(295)		(260)
Other jurisdictions			(31)		(1)
		€	**(1,362)**	**€**	**(691)**
Deferred					
France		€	7	€	156
US			1,798		292
including DuPont shares tax litigation settlement (€1,603 million in 2006)	6.1				
Morocco			-		7
Other jurisdictions			104		32
		€	**1,909**	**€**	**487**
Provision for income taxes		**€**	**547**	**€**	**(204)**
Income tax (paid) / collected :					
France		€	(522)	€	(1,057)
including SFR (-€852 million in 2006 and -€1,414 million in 2005) (a)					
US			(541)		7
including DuPont shares tax litigation settlement (-€521 million in 2006)	6.1				
Morocco			(286)		(279)
Other jurisdictions			(32)		(57)
Income tax paid		**€**	**(1,381)**	**€**	**(1,386)**

(a) The 2005 tax expense paid by SFR was notably due to catch-up adjustments resulting from the reorganization of the SFR Cegetel Group legal structure at the end of 2003.

6.5. Effective tax rate

(In millions of euros, except %)	Note	Year Ended December 31, 2006	2005
Earnings from continuing operations before provision for income taxes		€ 4,646	€ 4,378
French statutory tax rate (a)		33.33%	33.33%
Theoretical provision for income taxes based on French statutory tax rate		(1,549)	(1,459)
Reconciliation of the theoretical and effective provision for income taxes:			
Permanent differences			
Income from equity affiliates		116	114
Other differences from tax rates		(55)	(75)
Other permanent differences		(3)	(110)
		58	*(71)*
Consolidated Global Profit			
Current tax savings	6.2	604	507
Changes in related deferred tax assets	6.2	(43)	88
		561	*595*
Other tax losses			
Other changes in deferred tax assets		(24)	123
Use of unrecognized ordinary losses		139	215
Unrecognized tax losses		(141)	(16)
		(26)	*322*
Restatements in respect of the provision for income taxes of previous years			
DuPont shares litigation settlement		1,082	-
Reversal of tax liabilities relating to tax years no longer open to audit		272	256
Adjustment on previous years' income tax		26	49
		1,380	*305*
Capital gain or loss on the divestiture of financial investments or businesses		123	104
Effective provision for income taxes		€ 547	€ (204)
Effective tax rate		-11.8%	4.7%

(a) The French statutory tax rate is 33.33%. The December 30, 2004 Finance Act (Act n°2004-1484) provided for the phasing out of the additional contribution (*contribution additionnelle*) surtax, equal to 3% of the corporate tax liability of French companies since 2002. This surtax has since been reduced to 1.5% from January 1, 2005 and was abolished in 2006. Act n°99-1140 of December 29, 1999 dealing with the financing of the social security system provided for the introduction of a surtax equal to 3.3% of the corporate tax liability of French companies. This surtax had the effect of raising the French corporate tax rate by 1.1 percentage points. The French corporate tax rate was therefore 34.43% in 2006 (versus 34.93% in 2005).

6.6. Changes in current and deferred tax assets and liabilities

Changes in deferred tax liabilities in 2006 and 2005, net

(in millions of euros)	Year Ended December 31, 2006	2005
Deferred tax Assets / (Liabilities), as of December 31, 2005, net	€ (1,692)	€ (2,000)
Effect on provision for income taxes	1,909	487
Effect on shareholders' equity	26	76
Change in the scope of consolidation	(1)	39
Change in foreign currency translation adjustements	172	(294)
Deferred tax Assets / (Liabilities), as of December 31, 2006, net	€ 414	€ (1,692)

Deferred tax assets and liability components as of December 31, 2006 and December 31, 2005

(In millions of euros)	Note	December 31, 2006	December 31, 2005
Deferred tax assets			
Recognized deferred taxes			
Tax losses (a)		€ 3,737	€ 4,121
Temporary differences		1,061	1,130
Recognized deferred taxes		4,798	5,251
Unrecognized deferred taxes			
Tax losses		(2,830)	(2,989)
Temporary differences		(484)	(478)
Unrecognized deferred taxes		(3,314)	(3,467)
Recorded deferred tax assets		**€ 1,484**	**€ 1,784**
Deferred tax liabilities			
Purchase accounting reevaluation of assets (b)		535	777
DuPont share redemption	6.1	-	1,559
Spirits and wine sale		177	225
Other		358	915
Recorded deferred tax liabilities		**1,070**	**3,476**
Deferred tax assets / (liabilities), net		**€ 414**	**€ (1,692)**

(a) Mainly includes deferred tax assets in respect of ordinary tax losses carried forward by Vivendi as head of the tax group under the Consolidated Global Profit Tax System (€3,537 million as of December 31, 2005, before adjustment due to the expected 2006 tax savings amounting to €604 million, please refer to section 6.2 above), and ordinary tax losses carried forward by the US tax group (€293 million as of December 31, 2005).

(b) These tax liabilities generated by asset revaluations as a result of the purchase price allocation of company acquisition costs are cancelled on the depreciation, amortization or divestiture of the underlying asset and generate no current tax charge.

Maturity of losses carried forward

The tax losses carried forward reported to tax authorities for the fiscal year ended December 31, 2005, which are material to Vivendi are described below along with their respective maturity periods:

- France: losses carried forward amounted to €10,060 million and can be carry forward indefinitely.
- United-States: losses carried forward amounted to $983 million and can be carried forward for a twenty-year period. No losses will mature prior to June 30, 2020.
- Germany: losses carried forward amounted to €237 million and can be carry forward indefinitely.
- Netherlands: losses carried forward amounted to €156 million and can be carry forward indefinitely.

6.7. Tax audits

The years ended December 31, 2006 and 2005 and prior years, where appropriate, are open to tax audits by the respective tax authorities in the jurisdictions in which Vivendi has operations. Various tax authorities have proposed or levied assessments for additional tax in respect of prior years. Management believes that the settlement of any or all of these assessments will not have a material impact on the results of operations, financial position or liquidity of Vivendi.

Note 7. Discontinued Operations for the year ended December 31, 2005

Following the Cegetel and Neuf Telecom combination announced on May 11, 2005 and closed on August 22, 2005, Cegetel qualified as a discontinued operation pursuant to IFRS 5. Accordingly, the net earnings and expenses of its fixed-line telephony activity were presented netted (71.8% in earnings from discontinued operations and 28.2% in income from equity affiliates) until the divestiture (-€29 million). This operation resulted in a capital gain of €121 million, before SFR minority interests (€58 million for Vivendi's shareholders, net of minority interests), excluding tax effects, and was recognized as earnings from discontinued operations. Thus, earnings from discontinued operations amounted to €92 million in 2005.

Cegetel SAS's condensed statement of earnings for the period presented was as follows:

(In millions of euros)		Period from January 1 to August 22, 2005 234 days	
Revenues	€	685	
Earnings before interest and income taxes (EBIT)		(94)	
Financial charges and income		(6)	
Earnings before provisions for income taxes		(100)	
Provision for income taxes		-	
Earnings before adjustments related to the classification of 71.8% of Cegetel S.A.S. as discontinued operations	**€**	**(100)**	
Income from equity affiliates (28.2% of earnings)		(28)	
Earnings from discontinued operations (71.8% of earnings and adjustments)	€	(29)	(a)

(a) Includes the cessation of depreciation and amortization of property, plant and equipment and intangible assets (€42 million after tax as of August 22, 2005). Pursuant to IFRS5, assets held for sale are not amortized.

Cash flows related to Cegetel S.A.S. for the period presented were as follows:

(In millions of euros)		Period from January 1 to August 22, 2005
Net cash provided by operating activities	€	(6)
Net cash provided by (used for) investing activities		(18)
Net cash provided by (used for) financing activities		21
Net cash outflows related to the divestiture of the period		3
Change in cash and cash equivalents	**€**	**-**

Note 8. Earnings per Share for the years ended December 31, 2006 and 2005

	Year Ended December 31,							
	2006				2005			
	Basic		Diluted		Basic		Diluted	
Earnings (in millions of euros)								
Earnings from continuing operations, attributable to the equity holders of the parent	€	4,033	€	4,033	€	3,109	€	3,109
Earnings from discontinued operations		-		-		92		92
Earnings, attributable to the equity holders of the parent		4,033		4,033		3,154		3,154
Adjusted net income, attributable to equity holders of the parent		2,614		2,614		2,218		2,218
Weighted average number of shares (in millions)		1,153.4		1,162.4		1,149.6		1,158.5
Earnings per share (in euros)								
Earnings from continuing operations, attributable to the equity holders of the parent per share	€	3.50	€	3.47	€	2.70	€	2.68
Earnings from discontinued operations per share	€	-	€	-	€	0.08	€	0.08
Earnings, attributable to the equity holders of the parent per share	€	3.50	€	3.47	€	2.74	€	2.72
Adjusted net income, attributable to equity holders of the parent per share	€	2.27	€	2.25	€	1.93	€	1.91

Reconciliation of earnings, attributable to equity holders of the parent and adjusted net income, attributable to equity holders of the parent is as follows:

		Year Ended December 31,	
(In millions of euros)	Note	2006	2005
Earnings, attributable to equity holders of the parent (a)		€ **4,033**	€ **3,154**
Adjustments			
Amortization of intangible assets acquired through business combinations		223	239
Impairment losses of intangible assets acquired through business combinations (a)		-	170
Other financial charges and income (a)		(311)	(619)
Earnings from discontinued operations (a)		-	(92)
Change in deferred tax asset related to the Consolidated Global Profit Tax System	6.2	43	(88)
Non-recurring items related to provision for income taxes (b)		(1,284)	(482)
Provision for income taxes on adjustments		(63)	(102)
Minority interests in adjustments		(7)	38
Adjusted net income, attributable to equity holders of the parent		€ **2,614**	€ **2,218**

(a) As presented in the consolidated statement of earnings.

(b) Corresponds mainly to the reversal of tax liabilities relating to risks extinguished over the period. As of December 31, 2006, this item mainly includes the profit related to the settlement of the DuPont litigation (€1,082 million).

The number of shares used in the calculation of earnings per share was as follows:

	Year Ended December 31,	
(In number of shares)	2006	2005
Weighted average number of shares outstanding over the period	**1,154,793,341**	**1,152,131,605**
Treasury shares at the end of the period	(1,379,953)	(2,498,948)
Weighted average number of shares outstanding restated over the period	**1,153,413,388**	**1,149,632,657**
Potential dilutive effect :		
- Vivendi stock option plans (a)	8,499,531	8,893,705
- Vivendi stock plans	535,184	-
Potential dilutive effect of financial instruments outstanding	**9,034,715**	**8,893,705**
Weighted average number of shares after potential dilutive effect	**1,162,448,103**	**1,158,526,362**

(a) Includes the number of additional shares that would have been outstanding if the potential dilutive shares attributable to Vivendi's subscription plans had been issued during the respective periods, using the treasury stock method.

Note 9. Goodwill as of December 31, 2006 and 2005

9.1. Goodwill as of December 31, 2006 and 2005

(In millions of euros)	December 31, 2006	December 31, 2005
Goodwill, gross	€ 25,240	€ 27,063
Impairment losses	(12,172)	(13,267)
Goodwill	€ **13,068**	€ **13,796**

9.2. Changes in goodwill in 2006 and 2005

(In millions of euros)	Goodwill as of December 31, 2005	Impairment losses	Changes in value of commitments to purchase minority interests	Changes in scope of consolidation	Changes in foreign currency translation adjustments and other	**Goodwill as of December 31, 2006**
Universal Music Group	€ 4,275	€ -	€ -	€ 73 (a)	€ (425)	**€ 3,923**
Vivendi Games	77	-	-	17	15	**109**
Canal+ Group	3,784	-	(54) (b)	(318) (c)	-	**3,412**
including StudioCanal	*106*	-	-	*23*	-	***129***
SFR	4,024	-	-	-	-	**4,024**
Maroc Telecom	1,636	-	-	2	(38)	**1,600**
Non core operations	-	-	-	-	-	**-**
Total	**€ 13,796**	**€ -**	**€ (54)**	**€ (226)**	**€ (448)**	**€ 13,068**

(a) Corresponds mainly to the allocation of the excess of the acquisition cost over the carrying amount of the approximately 7.7% stake held by MEI in Universal Studios Holding I Corp. (please refer to note 2.2 "Purchase of the 7.7% stake held by Matsushita Electric Industrial (MEI) in Universal Studios Holding").

(b) The put option granted to minority shareholders on TKP shares maturing October 2006 was not exercised. The goodwill calculated following the initial recognition of the put option was reversed.

(c) Includes mainly the sale of 9.82% of the share capital of Canal+ France to Lagardère on December 19, 2006 (please refer to Note 2.1 "Combination of the Canal+ France and TPS pay-TV activities in France").

(In millions of euros)	Goodwill as of December 31, 2004	Impairment losses	Changes in value of commitments to purchase minority interests	Changes in scope of consolidation	Changes in foreign currency translation adjustments and other	**Goodwill as of December 31, 2005**
Universal Music Group	€ 3,755	€ (50) (a)	€ -	€ -	€ 570	**€ 4,275**
Vivendi Games	29	-	-	37	11	**77**
Canal+ Group	3,732	4	(13)	61	-	**3,784**
including StudioCanal	*62*	*2*	-	*43*	*(1)*	***106***
SFR	4,025	-	-	(6) (b)	5	**4,024**
Maroc Telecom	1,612	-	-	(22)	46	**1,636**
Non core operations	1	-	-	-	(1)	**-**
Total	**€ 13,154**	**€ (46)**	**€ (13)**	**€ 70**	**€ 631**	**€ 13,796**

(a) Pursuant to IAS 12, a write-off of goodwill of €48 million was recorded in order to offset the recognition of deferred tax assets relating to ordinary tax losses not recognized at the end of 2000 as part of UMG's purchase price allocation.

(b) Includes -€155 million in respect of the deconsolidation of Cegetel SAS, partially offset by the recognition of additional goodwill (€97 million) on the acquisition of 35% of the share capital of Cegetel SAS from SNCF before the divestiture of Cegetel SAS to Neuf Telecom (please refer to Note 2.6. "Combination of Cegetel S.A.S. with Neuf Telecom on August 22, 2005").

9.3. Goodwill impairment test

In 2006, as in every year or whenever events or a change in the economic environment indicates a risk of impairment, Vivendi has reviewed the value of goodwill allocated to its cash-generating units (CGU). As prescribed by IAS 36, an impairment test of goodwill was performed by Vivendi for each CGU or group of CGUs, depending on the level at which Vivendi management measures return on operations. In the absence of any identified indicator of impairment, the test was performed on the basis of an internal valuation work.

As of December 31, 2006, based on the valuations performed, Vivendi management reached the conclusion that the recoverable value of CGUs or groups of CGUs significantly exceeded their carrying value.

CGUs or groups of CGUs tested are as follows:

Business segments	Cash Generating Units (CGUs)	Groups of CGUs
Universal Music Group	Music recording	Universal Music Group
	Music publishing	
Vivendi Games	Vivendi Games	Vivendi Games
The Canal+ Group	Canal+ Premium	Canal+ French Pay-TV
	CanalSat	
	Multithématiques	
	Médiaoverseas	
	StudioCanal	StudioCanal
SFR	SFR	SFR
Maroc Telecom	Mobile	Maroc Telecom
	Fixed and internet	

The main assumptions used are presented in the following table.

	2006			2005		
	Method	Discount Rate	Perpetual Growth Rate	Method	Discount Rate	Perpetual Growth Rate
Universal Music Group	DCF and comparables model	8.25%	2.5%	DCF and comparables model	8.25%	2.5%
Vivendi Games	DCF	11.0 % - 12.0 %	3.5%	DCF	11.0 % - 12.0 %	3.5%
Canal+ Group						
Pay TV	Value of transactions with TF1, M6 and Lagardère (a)	-	-	Value of transactions with TF1, M6 and Lagardère (a)	-	-
StudioCanal	DCF	8.25 % - 8.75 %	0%-1%	DCF	8.0 % - 9.0 %	0%-0.5%
SFR	DCF and comparables model	8.0%	2.5%	DCF and comparables model	8.0%	2.5%
Maroc Telecom	Stock market price, DCF and comparables model	10.5%	2.5%	Stock market price, DCF and comparables model	10.5%	2.5%

(a) Please refer to Note 2.1 "Combination of the Canal+ France and TPS pay-TV in France".

The method and main assumptions underlying the valuations of CGUs or groups of CGUs are presented hereunder:

– The recoverable value of each CGU or group of CGUs is the higher of its value in use or its fair value (less costs to sell) which were determined as follows.

– Value in use of each CGU or groups of CGU is determined as the discounted value of the future cash flows (discounted cash flow method (DCF)) by using cash flow projections consistent with the most recent budget and business plan approved by Vivendi management and presented to the management board. The applied discount rates reflect the current assessment by the market of the time value of money and risks specific to each CGU or group of CGUs. The perpetual growth rates are those used to prepare budgets and three-year business plans, and beyond the period covered, consistent with growth rates estimated by the company by extrapolating the growth rates used for three-year business plans, without exceeding the long-term average growth rate for the markets in which the group operates.

– Fair value (less costs to sell) of each CGU or group of CGUs is the amount based on market data, mainly comparisons with similar listed companies, values attributed in recent transactions or stock market prices of companies active in the same industries.

Note 10. Content Assets and Commitments as of December 31, 2006 and December 31, 2005

10.1. Content assets as of December 31, 2006 and December 31, 2005

December 31, 2006	Content assets, gross	Accumulated amortization and impairment losses	Content assets
		(In millions of euros)	
Music catalogs and publishing rights	€ 4,854	€ (3,221)	€ 1,633
Advances to artists and repertoire owners	362	-	362
Sport rights	366	-	366
Film and television costs	4,023	(3,452)	571
Games advances	194	(164)	30
Content assets	**€ 9,799**	**€ (6,837)**	**€ 2,962**
Deduction of current content assets	(1,046)	204	(842)
Non current content assets	**€ 8,753**	**€ (6,633)**	**€ 2,120**

December 31, 2005	Content assets, gross	Accumulated amortization and impairment losses	Content assets
		(In millions of euros)	
Music catalogs and publishing rights	€ 5,350	€ (3,361)	€ 1,989
Advances to artists and repertoire owners	366	-	366
Sport rights	355	-	355
Film and television costs	3,697	(3,188)	509
Games advances	185	(152)	33
Content assets	**€ 9,953**	**€ (6,701)**	**€ 3,252**
Deduction of current content assets	(983)	193	(790)
Non current content assets	**€ 8,970**	**€ (6,508)**	**€ 2,462**

Changes in the main content assets during the years ended December 31, 2006 and 2005 were as follows:

(In millions of euros)	Year Ended December 31, 2006	2005
Opening balance of music catalogs and publishing rights	€ 1,989	€ 1,910
Amortization, net (a)	(199)	(201)
Purchases of catalogs	32	6
Divestitures of catalogs	-	-
Changes in foreign currency translation adjustments and other	(189)	274
Closing balance of music catalogs and publishing rights	**€ 1,633**	**€ 1,989**

(a) This amortization is recorded in "Amortization of intangible assets acquired through business combinations" in the consolidated statement of earnings.

(In millions of euros)	Year Ended December 31, 2006	2005
Opening balance of payments to artists and repertoire owners	€ 366	€ 321
Payment to artists and repertoire owners	620	588
Recoupment and other movements	(601)	(570)
Changes in foreign currency translation adjustments and other	(23)	27
Closing balance of payments to artists and repertoire owners	**€ 362**	**€ 366**

(In millions of euros)	Year Ended December 31, 2006		Year Ended December 31, 2005	
Opening balance of sport rights	€	355	€	187
Rights acquisition (a)		683		554
Rights accrual (a) (b)		51		198
Consumption of broadcasting rights		(717)		(570)
Other		(6)		(14)
Closing balance of sport rights	**€**	**366**	**€**	**355**

(a) The rights are accrued upon the commencement of the broadcasting period. They are reclassified as acquired rights upon billing by the third party unless they have already been expensed. The rights accrual, net, corresponds to accrued rights less rights transferred to acquired rights and rights consumed before their billing.

(b) The rights to broadcast the French Professional Soccer League for the ongoing season are recognized in the statement of financial position upon the opening of the season on July 1 for an amount of €600 million.

(In millions of euros)	Year Ended December 31, 2006		Year Ended December 31, 2005	
Opening balance of film and television costs	€	509	€	556
Acquisition of coproductions and catalogs		24		25
Coproductions developed internally		-		-
Consumption of coproductions and catalogs		(56)		(44)
Acquisition of film and television rights		599		567
Consumption of film and television rights		(581)		(551)
Other		76		(44)
Closing balance of film and television costs	**€**	**571**	**€**	**509**

Additional information on film costs and television programs excluding broadcasting rights

(In millions of euros)	December 31, 2006		December 31, 2005	
Film costs (a):				
Released in theaters, less amortization	€	237	€	252
Completed, not released		-		-
In production		77		22
	€	314	€	274
Costs of television coproductions:				
Released, less amortization	€	2	€	5
In production		1		1
	€	3	€	6
Film and television costs generating income	**€**	**317**	**€**	**280**

(a) Includes films produced or acquired before their first release for sale to third parties, as well as television rights catalogs.

At the Canal+ Group, based on management's total gross revenue estimates as of December 31, 2006, approximately 34% of completed and unamortized film and television costs (excluding amounts allocated to acquired catalogs) are expected to be amortized in 2007, and approximately 72% by December 31, 2009. Amortization of acquired film catalogs recorded for the years ended December 31, 2006 and 2005 was €38 million and €33 million, respectively. As of December 31, 2006, the Group estimated that payments to beneficiaries and guilds of approximately €50 million would be due in 2007.

10.2. Contractual content commitments as of December 31, 2006 and December 31, 2005

Commitments given recorded in the Statement of Financial Position: content liabilities

Content liabilities are part of "Trade accounts payable and other" (please refer to Note 16.3) or part of "Other non-current liabilities" (please refer to Note 16.4) depending on their nature or maturity, current or non current, as applicable. Content liabilities related to share-based compensation plans are part of provisions (please refer to Note 19).

(in millions of euros)	Total as of December 31, 2006	Payments due in 2007	Payments due in 2008-2011	Payments due in After 2011	Total as of December 31, 2005
Music royalties to artists and repertoire owners	€ 1,334	€ 1,279	€ 55	€ -	€ 1,514
Film and television rights (a)	116	116	-	-	63
Sport rights	500	482	18	-	445
Creative talent and employment agreements (b)	201	30	135	36	196
Total content liabilities	**€ 2,151**	**€ 1,907**	**€ 208**	**€ 36**	**€ 2,218**

Off balance sheet commitments given/received

(in millions of euros)	Total as of December 31, 2006	Payments due in 2007	Payments due in 2008-2011	Payments due in After 2011	Total as of December 31, 2005
Film and television rights (a)	€ 2,672 (c)	€ 840	€ 1,236	€ 596	€ 2,412
Sport rights	748 (d)	677	71	-	1,377
Creative talent and employment agreements (b)	979	462	462	55	930
Total given	**4,399**	**1,979**	**1,769**	**651**	**4,719**
Film and television rights (a)	(118)	(69)	(49)	-	(111)
Sport rights	(29)	(19)	(10)	-	(48)
Creative talent and employment agreements (b)			not available		
Total received	**(147)**	**(88)**	**(59)**	**-**	**(159)**
Total net	**€ 4,252**	**€ 1,891**	**€ 1,710**	**€ 651**	**€ 4,560**

The amount presented above for off balance sheet commitments given is the minimum amount guaranteed to third parties.

(a) Includes primarily contracts valid over several years relating to the broadcast of future film and TV productions (mainly exclusivity contracts with major US studios and pre-purchases in the French movie industry), StudioCanal film coproduction commitments (given and received) and broadcasting rights of CanalSat and Cyfra+ multichannel digital TV packages. They are recorded as content assets when the broadcast is available for initial release. As of December 31, 2006, provisions recorded relating to film and television rights amounted to €214 million (compared to €92 million as of December 31, 2005).

(b) UMG routinely commits to artists and other parties to pay agreed amounts upon delivery of content or other product ("Creative talent and employment agreements"). Until the artist or other party has delivered his or her content, UMG discloses its obligation as an off balance sheet commitment. While the artist or other party is also obligated to deliver his or her content or other product to UMG (these arrangements are generally exclusive), UMG does not report these obligations (or the likelihood of the other party's failure to meet its obligations) as an offset to its off balance sheet commitments.

(c) As a result of the Canal+ Group and TPS combination, broadcasting contracts with thematic channels owned by TF1, M6 and Lagardère have been renegotiated in November and December 2006. Moreover, channels previously broadcasted on TPS exclusively will now be available on CanalSat.

(d) Includes €600 million in respect of residual rights to broadcast the French Professional Soccer League won by the Canal+ Group in December 2004 for the 2007 – 2008 season. These rights will be recognized in the statement of financial position on the opening of the related sport season or at first payment.

Other off balance sheet commitments received

- Vivendi Games granted operating licenses for the MMORPG World of Warcraft to China The 9 in China and to Softworld in Taiwan. The game was launched in China in June 2005 and in November 2005 in Taiwan. In both cases, Vivendi Games has received guaranteed minimum earnings from royalties. In addition, these partners are responsible for local technical aspects, game masters and customer assistance as well as distribution and marketing.

- The Canal+ Group has received commitments from its subscribers estimated at approximately €2,063 million (including VAT) as of December 31, 2006, compared to €1,907 million as of December 31, 2005. This estimate reflects the minimum commitments granted by subscribers over the residual life of the contracts (including decoder rental, where appropriate).

Note 11. Other intangible assets as of December 31, 2006 and December 31, 2005

11.1. Other intangible assets as of December 31, 2006 and December 31, 2005

December 31, 2006	Other intangible assets, gross	Accumulated amortization and impairment losses	Other intangible assets
		(In millions of euros)	
Internally developed software (a)	€ 968	€ (574)	€ 394
Acquired software (b)	1,630	(1,135)	495
Telecom licenses	1,318	(227)	1,091
Other	675	(393)	282
	€ 4,591	**€ (2,329)**	**€ 2,262**

As of December 31, 2006, Vivendi does not hold any other intangible assets with an indefinite life.

December 31, 2005	Other intangible assets, gross	Accumulated amortization and impairment losses	Other intangible assets
		(In millions of euros)	
Internally developed software (a)	€ 839	€ (483)	€ 356
Acquired software (b)	1,202	(901)	301
Telecom licenses	988	(158)	830
Other	1,130	(680)	450
	€ 4,159	**€ (2,222)**	**€ 1,937**

(a) Includes mainly the cost of internal software developed by SFR and amortized over 4 years.

(b) Includes mainly SFR software amortized over 4 years.

11.2. Changes in other intangible assets for the years ended December 31, 2006 and December 31, 2005

(In millions of euros)	Year Ended December 31, 2006	2005
Opening balance	**€ 1,937**	**€ 2,177**
Amortization (a)	(426)	(414)
Impairment losses	-	(3)
Acquisitions	641	254
Increase related to internal developments	152	197
Divestitures / Decrease	(7)	(24)
Changes in scope of consolidation	(25)	(234) (b)
Changes in foreign currency translation adjustments	(12)	19
Other	2	(35)
Closing balance	**€ 2,262**	**€ 1,937**

(a) Accounted for in cost of revenues and in selling, general and administrative expenses. The amortization charge mainly consists of telecom licenses (SFR: -€52 million in 2006 and -€38 million in 2005, Maroc Telecom: -€25 million in 2006 and -€25 million in 2005), internally developed software (-€120 million in 2006 and -€101 million in 2005) and acquired software (-€171 million in 2006 and -€144 million in 2005).

(b) Includes Cegetel S.A.S. other intangible assets including internally-developed software for €47 million, acquired software for €12 million, telecom licenses for €18 million and user rights and rights of passage for €209 million (please refer to Note 2.6"Combination of Cegetel S.A.S. and Neuf Telecom on August 22, 2005").

Note 12. Property, plant and equipment as of December 31, 2006 and December 31, 2005

12.1. Property, plant and equipment as of December 31, 2006 and December 31, 2005

December 31, 2006	Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
		(In millions of euros)	
Land	€ 246	€ (20)	€ 226
Buildings	1,939	(1,184)	755
Equipment and machinery	6,527	(3,995)	2,532
Construction-in-progress	273	-	273
Other	2,379	(1,786)	593
	€ 11,364	€ (6,985)	€ 4,379

December 31, 2005	Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
		(In millions of euros)	
Land	€ 297	€ (29)	€ 268
Buildings	1,905	(1,111)	794
Equipment and machinery	5,985	(3,610)	2,375
Construction-in-progress	239	-	239
Other	2,436	(1,781)	655
	€ 10,862	€ (6,531)	€ 4,331

As of December 31, 2006, property, plant and equipment financed by finance lease contracts amounted to €65 million. As of December 31, 2005, they amounted to €116 million and included the "Colisée" tower located in La Défense sold to Philip Morris Capital Corporation (PMCC) in 1998 and leased back to Vivendi under a very long-term lease (30 years). This asset was disposed of in July 2006, resulting in a decrease in the Group's borrowings of €74 million and realized capital gains of €32 million.

12.2. Changes in property, plant and equipment for the years ended December 31, 2006 and 2005

(In millions of euros)	Year Ended December 31, 2006	2005
Opening balance	€ 4,331	€ 4,740
Depreciation (a)	(905)	(870)
Acquisitions / Increase	1,232	1,163
Divestitures / Decrease	(42)	(137)
Changes in scope of consolidation	(91)	(634) (b)
Changes in foreign currency translation adjustments	(43)	52
Other	(103)	17
Closing balance	€ 4,379	€ 4,331

(a) Accounted for in cost of revenues and in selling, general and administrative expenses. The depreciation charge mainly consists of buildings (-€129 million in 2006 and -€135 million in 2005) and equipment and machinery (-€550 million in 2006 and -€526 million in 2005).

(b) Consisted of Cegetel S.A.S. property, plant and equipment including land for €3 million, buildings for €75 million, equipment and machinery for €438 million and construction-in-progress for €87 million (please refer to Note 2.6 "Combination of Cegetel S.A.S. with Neuf Telecom as of August 22, 2005").

Note 13. Property, plant, equipment and intangible assets of telecom operations as of December 31, 2006 and December 31, 2005

(in millions of euros)	December 31, 2006	December 31, 2005
Network equipment (a)	€ 2,365	€ 2,160
Software (b)	726	671
Licenses (b)	832 (c)	574
Other	427	440
Property, plant, equipment and intangible assets of telecom operations at SFR	**€ 4,350**	**€ 3,845**

(in millions of euros)	December 31, 2006	December 31, 2005
Network equipment (a)	€ 835	€ 844
Software (b)	124	82
Licenses (b)	259	256
Other	330	343
Property, plant, equipment and intangible assets of telecom operations at Maroc Telecom	**€ 1,548**	**€ 1,525**

(a) Principally pylons, radio and transmission equipment, switch centers and servers and hardware, recorded as "Property, plant and equipment".

(b) Recorded as "Other intangible assets".

(c) Includes €278 million (before amortization), representing the discounted value of the fixed royalty GSM license used by SFR which was renewed for 15 years in March 2006.

Note 14. Investments in Equity Affiliates as of December 31, 2006 and December 31, 2005

14.1. Equity affiliates as of December 31, 2006 and December 31, 2005

		Voting Interest		Value of Equity Affiliates	
(In millions of euros)	Note	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
NBC Universal (a)		20.0%	20.0%	€ 5,953	€ 6,419
Neuf Cegetel (b)	2.3	40.5%	28.2%	1,020	363
Other		na*	na*	59	74
				€ 7,032	€ 6,856

na*: not applicable.

(a) As of December 31, 2006, as at each year end, an impairment test was performed to determine whether the carrying amount of Vivendi's 20% of interest in NBCU exceeds its recoverable amount. Vivendi's management, with the assistance of an independent expert, concluded that the carrying amount of the NBCU interest exceeded its recoverable amount which was determined using the discounted cash flows method or stock market multiples employing financial assumptions consistent with those used as of December 31, 2005 (discount rate between 8.25% and 8.50%; perpetual growth rate between 2.5% and 3.0%). Moreover, General Electric, as the controlling shareholder with an 80% interest in NBCU, announced positive forecasts.

(b) Based on the trading value of Neuf Cegetel shares (€26.9 per share as of December 31, 2006), the stock market value of SFR's stake in Neuf Cegetel as of December 31, 2006, amounted to approximately €2.2 billion.

14.2. Changes in value of equity affiliates during the years ended December 31, 2006 and 2005

(In millions of euros)	Note	Value of Equity Affiliates as of December 31, 2005	Changes in Scope of Consolidation	Income from Equity Affiliates	Dividends Received	Changes in foreign currency translation adjustments and other	Value of Equity Affiliates as of December 31, 2006
NBC Universal	2.2	€ 6,419	€ 165 (a)	€ 301	€ (262)	€ (670) (b)	€ 5,953
Neuf Cegetel	2.3	363	626 (c)	38	-	(7)	1,020
Other		74	(1)	(2)	(9)	(3)	59
		€ 6,856	**€ 790**	**€ 337**	**€ (271)**	**€ (680)**	**€ 7,032**

(a) Includes Vivendi's subscription to the NBC Universal capital increase (€98 million) to finance the acquisition of iVillage by NBC Universal, and the allocation (€65 million) of the excess of the acquisition cost over the carrying amount of the approximate 7.7% stake held by MEI in Universal Studios Holding I Corp.

(b) Includes changes in foreign currency translation adjustments (-€673 million).

(c) Corresponds to the 2006 increase of SFR's stake in Neuf Cegetel.

(In millions of euros)	Note	Value of Equity Affiliates as of December 31, 2004	Changes in Scope of Consolidation	Income from Equity Affiliates	Dividends Received	Changes in foreign currency translation adjustments and other	Value of Equity Affiliates as of December 31, 2005
NBC Universal		€ 5,555	€ -	€ 361	€ (346)	€ 849 (a)	€ 6,419
Neuf Cegetel	2.6	-	413 (b)	(50)	-	-	363
UGC	2.7	78	(80) (c)	3	-	(1)	-
Other		140	4	12	(9)	(73)	74
		€ 5,773	**€ 337**	**€ 326**	**€ (355)**	**€ 775**	**€ 6,856**

(a) Includes the impact of non-cash adjustments relating to the investment in NBC Universal (€124 million) and change in foreign currency translation (€824 million).

(b) Corresponds to the reclassification of SFR's 28.19% stake in Cegetel S.A.S. (€176 million), following the combination of Cegetel S.A.S. with Neuf Telecom, and the 28.19% investment in Neuf Telecom (€237 million).

(c) In December 2005, following the exercise of the call option held by the family shareholders, Vivendi divested its 37.8% stake in UGC S.A.'s share capital for €89 million (including interest).

14.3. Financial information relating to equity affiliates as of December 31, 2006 and December 31, 2005

The following condensed information relating to equity affiliates corresponds to Vivendi's equity in the stand-alone financial statements of these affiliates.

	December 31, 2006			
(In millions of euros)	NBC Universal	Neuf Cegetel	Other	**Total**
Vivendi's ownership interests	20.0%	22.7%	na*	na*
Revenues	€ 2,467	€ 657	€ 55	**€ 3,179**
EBIT	468	15	2	**485**
Earnings	305	48	2	**355**
Total assets	4,837	993	50	**5,880**
Total liabilities	1,301	658	27	**1,986**

(In millions of euros)	December 31, 2005				
	NBC Universal	Neuf Cegetel (a)	Elektrim Telekomunikacja (b)	Other	Total
Vivendi's ownership interests	18.5%	15.8%	49.0%	na*	na*
Revenues	€ 2,089	€ 436	€ -	€ 124	€ **2,649**
EBIT	464	(26)	(4)	10	**444**
Earnings	338	(28)	(11)	6	**305**
Total assets	4,951	603	na*	92	**5,646**
Total liabilities	1,446	452	na*	63	**1,961**

na*: not applicable.

(a) Company equity accounted from August 22, 2005.

(b) Company consolidated, with a 51% ownership interest, from December 12, 2005. Please refer to Note 2.4 "Stake in PTC".

Note 15. Financial Assets as of December 31, 2006 and December 31, 2005

(In millions of euros)	Note	December 31, 2006	December 31, 2005
Available-for-sale securities	15.1	€ 325	€ 2,475
Derivative financial instruments	15.2	52	29
Financial assets at fair value through P&L		119	83
Down payments made to Bertelsmann for the acquisition of Music Publishing activities (a)	29.3	1,663	-
Onatel shares	15.3	222	-
Financial assets at fair value		2,381	2,587
Collateralized cash received from Lagardère	2.1	469	-
Cash deposits		51	61
Other loans and receivables	15.4	1,096	1,065
Held-to-maturity investments		-	184 (b)
Financial assets at amortized cost		1,616	1,310
Financial assets (Balance Sheet Control)		€ **3,997**	€ **3,897**
Deduction of short-term financial assets		(833)	(114)
Non current financial assets		**3,164**	**3,783**

(a) On September 6, 2006, Universal Music Group (UMG) entered into an agreement with Bertelsmann AG to purchase BMG Music Publishing (BMGP). The gross purchase price is €1,639 million. A deposit representing the net amount was paid in cash on December 15, 2006 and included an adjustment for cash generated by BMGP during the period comprised between July 1, 2006 and that day and for interest capitalized over this period. Until the closing date and the consolidation of BMGP by UMG, the cash outlay and the acquisition fees are recorded as a non current financial asset. The definitive transaction price will include an adjustment for cash generated by BMGP during the period comprised between December 16, 2006 and the closing date including interest capitalized over this period. This transaction is subject to the regulatory approvals of the competition authorities in the relevant countries. Such approval has been obtained in the United States. However, the European Commission announced on December 8, 2006 that the transaction will be subject to a Phase II inquiry.

(b) Includes bonds issued by Neuf Cegetel fully redeemed in March 2006 (€180 million). Pease refer to the note 2.3.

15.1. Changes in available-for-sale securities during the years ended December 31, 2006 and December 31, 2005

(In millions of euros)	Note	December 31, 2005	Changes in value	Acquisition / divestiture	Changes in foreign currency translation adjustments and other	December 31, 2006
Veolia Environnement shares (a)		€ 823	€ 38	€ (861)	€ -	€ -
DuPont shares	6.1	590	(6)	(550)	(34)	-
Sogecable shares hedging the exchangeable bonds (b)	23.1	282	(48)	(28)	-	206
PTC shares held by Telco and Carcom	2.4	531	-	(496)	(35)	-
LBI fund shares	2.4	87	-	(87)	-	-
Amp'd shares (c)		17	-	27	(2)	42
Other		145	9	(83)	6	77
Available-for-sale securities		**€ 2,475**	**€ (7)**	**€ (2,078)**	**€ (65)**	**€ 325**

(a) This residual stake of 5.3% in Veolia Environnement's share capital was sold in July 2006 under an Accelerated Book Building procedure, for a total amount of €861 million. The capital gain amounted to €832 million. Vivendi also held 218,255,690 Veolia Environnement warrants to purchase Veolia Environnement shares at an exercise price of €55 per share. These warrants matured in March 2006 and were not exercised.

(b) Includes 1 million of Sogecable shares that were subject to a loan as of December 31, 2006 (compared to 8.3 million as of December 31, 2005). At the time of the issuance, Vivendi committed to lend a maximum of 20 million Sogecable shares to the financial institution acting as a bookrunner for the bond issue.

(c) Vivendi perpetuated it stake in the share capital of Amp'd of 19.9% following Amp'd's share capital increases.

(In millions of euros)	Note	December 31, 2004	Changes in value	Acquisition / divestiture	Changes in foreign currency translation adjustments and other	December 31, 2005
Veolia Environnement shares		€ 573	€ 250	€ -	€ -	€ 823
DuPont shares		592	(86)	-	84	590
Sogecable shares hedging the exchangeable bonds (a)	23.1	671	14	(403) (a)	-	282
PTC shares held by Telco and Carcom	2.4	-	-	-	531	531
LBI fund shares	2.4	-	-	-	87	87
Other		122	(8)	33	15	162
Available-for-sale securities		**€ 1,958**	**€ 170**	**€ (370)**	**€ 717**	**€ 2,475**

(a) In November and December 2005, Vivendi divested 12.5 million Sogecable shares to bondholders.

15.2. Changes in derivative financial instruments during the years ended December 31, 2006 and 2005

(In millions of euros)	December 31, 2005	Changes in value	Acquisition / divestiture	Changes in foreign currency translation adjustments and other	December 31, 2006
Foreign currency hedging swaps	€ 13	€ 2	€ -	€ -	€ 15
Interest rate swaps	10	8	-	-	18
Swaps indexed on shares and warrants	3	8	-	-	11
Other	3	5	-	-	8
Derivative financial instruments	**€ 29**	**€ 23**	**€ -**	**€ -**	**€ 52**

(In millions of euros)	December 31, 2004	Changes in value	Acquisition / divestiture	Changes in foreign currency translation adjustments and other	December 31, 2005
Collar option on Veolia Environnement shares (a)	€ 93	€ -	€ (93)	€ -	€ -
Call options on Vinci shares hedging the exchangeable bonds	72	-	(72) (b)	-	-
Foreign currency hedging swaps	32	(19)	-	-	13
Interest rate swaps	42	(32)	-	-	10
Swaps indexed on shares and warrants	3	-	-	-	3
Other	15	(12)	-	-	3
Derivative financial instruments	**€ 257**	**€ (63)**	**€ (165)**	**€ -**	**€ 29**

(a) Pursuant to the sale of 15% of the share capital of Veolia Environnement in December 2004, Vivendi and Société Générale set up a derivative structure comprising a notional commitment covering 5% of the share capital of Veolia Environnement and enabling Vivendi to benefit over a 3-year period from any increase in the share price of Veolia Environnement above €23.91. This derivative structure was terminated earlier in October 2005. Due to an increase in the share price of Veolia Environnement above the collar trigger price set in December 2004, the unwinding of this instrument led to the recognition in 2005 of financial income of €115 million for Vivendi, equal to the gross income from the transaction (€208 million after commission) less the value of the collar as of January 1, 2005 (€93 million).

(b) These options were unwound at the same time as the early redemption of the bonds exchangeable for Vinci shares which occurred in March 2005.

15.3. Stake in Onatel

In December 2006, following the completion of a bidding process, Maroc Telecom acquired a 51% stake in Onatel, the national telecommunications operator in Burkina Faso for a cash consideration of €220 million. Onatel has been fully consolidated since January 1st, 2007. As of December 31, 2006, the stake in Onatel is recognized as a financial asset for the purchase price, i.e., €222 million. As of September 30, 2006, Onatel's main financial figures (unaudited), reported under local accounting principles are, as follows:

(In millions of euros - unaudited)	September 30, 2006
Total assets	€ 226
Net assets acquired	49
Estimated goodwill	173
Purchase price	**€ 222**

(In millions of euros - unaudited)	September 30, 2006
Borrowings and other financial liabilities	€ 66
Cash and cash equivalents	(13)
Borrowings and other financial liabilities, net	**€ 53**

(In millions of euros - unaudited)	Period from January 1 to September 30, 2006
Revenues	
Fixed	€ 55
Mobile	37
Eliminations	(6)
Consolidated revenues	**€ 86**

15.4. Other financial assets as of December 31, 2006 and December 31, 2005

(in millions of euros)	Note	December 31, 2006	December 31, 2005
Deposits related to Qualified Technological Equipment lease/sublease operations (a)	16.4	€ 686	€ 807
Down payments made to TF1 & M6	2.1	154	-
Pension funds	20	21	35
Others		235	223
Other loans and receivable		**€ 1,096**	**€ 1,065**

(a) Cash deposits assuring the pre-financing of agreement arrangement commission for Qualified Technological Equipment (QTE) operations set up in 1999 and 2001 by SFR.

Note 16. Changes in net working capital as of December 31, 2006 and December 31, 2005

16.1. Changes in net working capital during the years ended December 31, 2006 and 2005

(In millions of euros)	Note	December 31, 2005	Net cash provided by operating activities	Net cash provided by investing activities	Changes in Scope of Consolidation	Changes in foreign currency translation adjustments and other		December 31, 2006
Inventories		€ 375	€ (8)	€ -	€ -	€ (9)		€ 358
Trade accounts receivable and other	16.2	4,531	(10)	-	(34)	2		4,489
Working capital assets		**4,906**	**(18)**	**-**	**(34)**	**(7)**		**4,847**
Trade accounts payable and other	16.3	8,737	326	75	(7)	166	(a)	9,297
Other non current liabilities	16.4	1,342	(277)	267	73	(136)		1,269
Working capital liabilities		**10,079**	**49**	**342**	**66**	**30**		**10,566**
Net working capital		**€ (5,173)**	**€ (67)**	**€ (342)**	**€ (100)**	**€ (37)**	(b)	**€ (5,719)**

(a) Includes the impact of the change in sports rights accrued by the Canal+ Group for €61 million (i.e., €51 million excluding taxes) and the interim dividend to be paid to Vodafone with respect to the fiscal year 2006 (€197 million)

(b) Includes €114 million in changes in foreign currency translation adjustments.

(In millions of euros)	Note	December 31, 2004	Net cash provided by operating activities	Net cash provided by investing activities	Changes in Scope of Consolidation	Changes in foreign currency translation adjustments and other		December 31, 2005
Inventories		€ 315	€ 48	€ -	€ 28	€ (16)		€ 375
Trade accounts receivable and other	16.2	4,528	300	-	(401)	104		4,531
Working capital assets		**4,843**	**348**	**-**	**(373)**	**88**		**4,906**
Trade accounts payable and other	16.3	8,187	540	199	(546)	357		8,737
Other non current liabilities	16.4	1,955	(225)	-	(343)	(45)		1,342
Working capital liabilities		**10,142**	**315**	**199**	**(889)**	**312**		**10,079**
Net working capital		**€ (5,299)**	**€ 33**	**€ (199)**	**€ 516**	**€ (224)**	(a)	**€ (5,173)**

(a) Includes -€233 million in respect of changes in foreign currency translation adjustments.

16.2. Trade accounts receivable and other as of December 31, 2006 and December 31, 2005

(In millions of euros)	December 31, 2006	December 31, 2005
Trade accounts receivable	€ 3,955	€ 4,188
Trade accounts receivable write-offs	(820)	(788)
Trade accounts receivable, net	**€ 3,135**	**€ 3,400**
Other	1,354	1,131
Including		
VAT to be received	*705*	*635*
Social costs and other taxes	*39*	*33*
Prepaid charges	*204*	*167*
Trade accounts receivable and other	**€ 4,489**	**€ 4,531**

16.3. Trade accounts payable and other as of December 31, 2006 and December 31, 2005

(In millions of euros)	Note	December 31, 2006	December 31, 2005
Trade accounts payable		€ 4,898	€ 4,735
Other		4,399	4,002
Including			
Royalty advances to music artist	10.2	1,279	1,341
Deferred income related to telecommunication operations (a)		681	772
VAT		*634*	*588*
Social costs and other taxes		*540*	*408*
Trade accounts payable and other		**€ 9,297**	**€ 8,737**

(a) Mainly includes subscriptions and sold prepaid cards that are not consumed, mobile phones held by distributors as well as roll-over minutes.

16.4. Other non-current liabilities as of December 31, 2006 and December 31, 2005

(In millions of euros)	Note	December 31, 2006	December 31, 2005
Advance lease payments in respect of Qualified Technological Equipment operations	15.4	€ 715	€ 840
Non current content liabilities	10.2	120	255
Liabilities related to SFR GSM licence	13	253	-
Other		181	247
		€ 1,269	**€ 1,342**

Note 17. Cash and cash equivalents as of December 31, 2006 and December 31, 2005

(In millions of euros)	December 31, 2006	December 31, 2005
Cash	€ 410	€ 517
Cash equivalents	1,990	2,385
Cash and cash equivalents	**€ 2,400**	**€ 2,902**

As of December 31, 2006, cash equivalents comprised UCITS for €1,459 million (€1,748 million as of December 31, 2005) and certificates of deposit and term deposits for €531 million (€637 million as of December 31, 2005).

Note 18. Information on the share capital as of December 31, 2006 and December 31, 2005

18.1. Number of common shares and voting rights outstanding as of December 31 , 2006 and December 31, 2005

(In thousands)	December 31, 2006	December 31, 2005
Common shares outstanding (nominal value : €5.5 per share)	**1,157,034**	**1,153,477**
Treasury shares	(1,380)	(2,499)
Voting rights	**1,155,654**	**1,150,978**

As of December 31, 2006, Vivendi holds 1,379,953 treasury shares of which 79,114 were held to hedge certain share purchase options granted to executives and employees and 1,300,389 shares were in the process of cancellation at that time. Such cancellation, which could be completed in the beginning of 2007, results from the conversion of ADS options into cash-settled stock appreciation rights (please refer to note 21 "Share-based compensation"). In 2006, Vivendi sold approximately 1.1 million shares for a net amount of €27 million, which was recorded against equity. In 2005, Vivendi acquired approximately 1.9 million shares for a net amount of €48 million, which was recorded against equity.

18.2. Acquisition of shares of Vivendi Exchangeco

On November 27, 2006, as part of Vivendi's process of simplifying the organizational structure of the Group in North America, all of the outstanding exchangeable shares of Vivendi Exchangeco Inc. were acquired by a Canadian indirect subsidiary of Vivendi (through the exercise of its overriding call right in accordance with the terms and conditions of the exchangeable shares, as recently amended), in exchange for an ordinary share of Vivendi S.A. plus a cash amount of Cdn.$1.42 per exchangeable share (corresponding to a total cash amount of Cdn$6 million). This exchange had no impact on the share capital of Vivendi as, simultaneously to the issuance of the new Vivendi shares, an equivalent number of treasury shares was cancelled. As a result, from such date, no exchangeable shares remain outstanding, the exchangeable shares were delisted from the Toronto Stock Exchange and Vivendi Exchangeco Inc. has ceased to be a reporting issuer under Canadian securities laws.

18.3. 2006 Dividends

On February 27, 2007, the date of the Management Board's meeting which approved Vivendi's Consolidated Financial Statements and the appropriation of earnings, Vivendi's Management Board decided to propose the distribution of a dividend of €1.20 per share to shareholders, corresponding to a total distribution of approximately €1.4 billion. This proposal was presented to the Supervisory Board at its meeting held on March 6, 2007.

Note 19. Provisions as of December 31 , 2006 and December 31, 2005

(In millions of euros)	Note	December 31, 2005	Addition	Utilization	Reversal and changes in estimates	Changes in scope of consolidation and other	December 31, 2006
Employee benefit plans	20	€ 724	€ 73	€ (236)	€ (19)	€ (57)	€ 485
Share-based compensation plans	21	46	60	(10)	(7)	58	147
Other employee provisions (a)		127	15	(6)	(26)	(17)	93
Employee benefits (b)		*897*	*148*	*(252)*	*(52)*	*(16)*	*725*
Restructuring costs	22	73	63	(63)	(1)	(5)	67
Litigations	30	285	50	(69)	(35)	(1)	230
Losses on onerous contracts		105	186 (c)	(26)	-	(5)	260
Contigent liabilities due to disposal	29.4	173	98	(102)	(12)	(2)	155
Cost of dismantling and restoring site (d)		95	9	-	-	(18)	86
Other		170	60	(47)	(18)	98	263
Provisions		**€ 1,798**	**€ 614**	**€ (559)**	**€ (118)**	**€ 51**	**€ 1,786**
Deduction of current provisions		(578)	(179)	344	8	7	(398)
Non current provisions		1,220	435	(215)	(110)	58	1,388

(In millions of euros)	Note	December 31, 2004	Addition	Utilization	Reversal and changes in estimates	Changes in scope of consolidation and other	December 31, 2005
Employee benefit plans	20	€ 691	€ 47	€ (124)	€ (10)	€ 120	€ 724
Share-based compensation plans	21	18	28	-	-	-	46
Other employee provisions (a)		93	65	-	-	(31)	127
Employee benefits (b)		*802*	*140*	*(124)*	*(10)*	*89*	*897*
Restructuring costs	22	124	27	(81)	(3)	6	73
Litigations	30	371	86	(127)	(51)	6	285
Losses on onerous contracts		101	15	(12)	(2)	3	105
Contigent liabilities due to disposal		224	30	(105)	(3)	27	173
Cost of dismantling and restoring site (d)		86	4	(2)	-	7	95
Other		210	168	(114)	(63)	(31)	170
Provisions		**€ 1,918**	**€ 470**	**€ (565)**	**€ (132)**	**€ 107**	**€ 1,798**
Deduction of current provisions		(357)	(214)	217	55	(279)	(578)
Non current provisions		1,561	256	(348)	(77)	(172)	1,220

(a) Includes employee deferred compensation.

(b) Excludes employee termination reserves recorded under restructuring costs in the amount of €25 million in 2006 and €47 million in 2005.

(c) The costs incurred in 2006 relating to the combination of the Canal+ France and TPS pay-TV activities in France amounted to €177 million of which €165 million was recorded under provisions and €12 million was recorded in deduction of content assets or in trade accounts payable.

(d) SFR is required to dismantle and restore each mobile telephony antenna site following the termination of the site lease agreement.

Note 20. Employee benefits as of December 31 , 2006 and December 31, 2005

20.1. Analysis of the expense related to employee benefit plans for the years ended December 31, 2006 and 2005

The following table provides the cost of employee benefit plans excluding its financial component. The total cost of defined benefit plans is disclosed in Note 20.2.2 hereunder.

		Year Ended December 31,	
(In millions of euros)	Note	2006	2005
Retirement pensions through defined contribution plans		€ 56	€ 46
Retirement pensions through defined benefit plans	20.2	22	23
Employee benefit plans		**€ 78**	**€ 69**

20.2. Retirement pensions through defined benefit plans

20.2.1 Assumptions used in the evaluation and sensitivity analysis

The weighted average rates and assumptions used in accounting for these plans for the years ended December 31, 2006 and 2005 were:

	Pension Benefits		Post-retirement Benefits	
	2006	2005	2006	2005
Discount rate	4.9%	4.9%	5.2%	5.2%
Expected return on plan assets	4.7%	4.7%	na*	na*
Rate of compensation increase	3.9%	3.8%	3.4%	3.4%
Expected residual active life (in years)	12.4	13.2	9.5	11.0

* na: not applicable.

The applicable discount rates were determined by reference to returns received on notes issued by investment grade companies having maturities identical to that of the valued plans. A 50 basis point increase in the 2006 discount rate would have lead to a decrease of €3 million in the pre-tax expense. A 50 basis point decrease in the 2006 discount rate would have lead to an increase of €6 million in the pre-tax expense.

For each country where Vivendi has plan assets, expected returns on plan assets were determined taking into account the structure of the asset portfolio and the expected rates of return for each of the components. A 50 basis point increase (or decrease) in the expected return on plan assets for 2006 would have led to a decrease of €4 million in the pre-tax expense (or an increase of €4 million).

The assumptions used in accounting for the pension benefits, by country, were as follows:

	US		UK		Germany		France	
	2006	2005	2006	2005	2006	2005	2006	2005
Discount rate	5.3%	5.3%	4.9%	4.9%	4.3%	4.2%	4.3%	4.2%
Expected return on plan assets	5.0%	5.5%	4.5%	4.5%	na*	na*	4.4%	3.9%
Rate of compensation increase	4.0%	4.0%	4.6%	4.3%	3.5%	3.5%	3.5%	3.4%

* na: not applicable.

Through its pension management policy in the US and in the UK, Vivendi has put in place an investment strategy, including notably the conclusion use of derivatives, which protects the group against unfavorable changes in interest rates and increases in the rate of inflation. Thus, an increase in the pension obligation is compensated for by a symmetrical increase in the fair value of the plan assets.

For the RAP plan in the US, the investment policy put in place aims to match cash flows such that those generated by the investments match those of the pension obligations.

For the VUPS plan in the UK, this has resulted in the conclusion use of interest and inflation derivatives that protect the group from unfavorable movements in interest rates and inflation.

The assumptions used in accounting for the postretirement benefits, by country, were as follows:

	US		Canada	
	2006	2005	2006	2005
Discount rate	5.3%	5.3%	4.8%	5.0%
Expected return on plan assets	na*	na*	na*	na*
Rate of compensation increase	4.0%	4.0%	na*	na*

* na: not applicable.

The range of investment allocation by asset category for each major plan was as follows:

	Minimum	Maximum
Equity securities	10%	10%
Real estate	0%	0%
Debt securities	84%	84%
Cash	6%	6%

Vivendi's pension plan asset allocation as of December 31, 2006 and 2005 was as follows:

	December 31,	
	2006	2005
Equity securities	9.7%	43.0%
Real estate	0.3%	0.4%
Debt securities	84.3%	50.5%
Cash	5.7%	6.1%
Total	100.0%	100.0%

These assets do not include buildings occupied by or assets used by Vivendi, or Vivendi shares or debt instruments.

For purposes of measuring post-retirement benefits measurement, Vivendi assumed a slow-down in growth in the per capita cost of covered health care benefits (the annual trend in health care cost) from 8.7% for categories under 65 years old and 65 years old and over in 2006, down to 4.7% in 2012 for these categories. In 2006, a one-percentage-point increase in the annual trend rate would have increased the post-retirement obligation by €11 million and the pre-tax expense by less than €1 million; conversely, a one percentage-point decrease in the annual trend rate would have decreased the post-retirement benefit obligation by €9 million and the pre-tax expense by less than €1 million.

20.2.2 Analysis of the expense recorded for the years ended December 31, 2006 and 2005

	Pension Benefits		Post-retirement Benefits		Pension and Post-retirement benefits	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
(In millions of euros)	2006	2005	2006	2005	2006	2005
Current service cost	€ 13	€ 15	€ -	€ -	€ 13	€ 15
Amortization of actuarial (gains) losses	11	1	-	-	11	1
Amortization of past service costs	(16)	2	4	-	(12)	2
Effect of curtailments/settlements	10	5	-	-	10	5
Adjustment related to asset ceiling	-	-	-	-	-	-
Impact on selling, administrative and general expenses	18	23	4	-	22	23
Interest cost	62	64	9	11	71	75
Expected return on plan assets	(39)	(40)	-	-	(39)	(40)
Impact on other financial charges and income	23	24	9	11	32	35
Net benefit cost	€ 41	€ 47	€ 13	€ 11	€ 54	€ 58

20.2.3 Analysis of net benefit obligations with respect to pensions and post-retirement benefits as of December 31, 2006 and December 31, 2005

The date pension plan obligations are measured is as of December 31st of the fiscal year. The tables below present changes in the value of the benefit obligations, the fair value of plan assets, the funded status and the net provision recorded in the statement of financial position for the years ended December 31, 2006 and 2005:

(In millions of euros)	Note	Pension Benefits 2006	Pension Benefits 2005	Post-retirement Benefits 2006	Post-retirement Benefits 2005	Pension and Post-retirment benefits 2006	Pension and Post-retirment benefits 2005
Changes in benefit obligation							
Benefit obligation at the beginning of the year		€ 1,376	€ 1,276	€ 200	€ 201	€ 1,576	€ 1,477
Current service cost		13	15	-	-	13	15
Interest cost		62	64	9	11	71	75
Contributions by plan participants		-	1	1	1	1	2
Business combinations		1	-	-	-	1	-
Divestitures		-	(4)	-	-	-	(4)
Curtailments		(1)	(4)	-	(1)	(1)	(5)
Settlements		(19)	(64)	-	-	(19)	(64)
Transfers		16	-	(16)	-	-	-
Plan amendments		(18)	7	-	(18)	(18)	(11)
Experience (gains) losses		(2)	(4)	(2)	(4)	(4)	(8)
Actuarial (gains) losses related to changes in actuarial assumptions		68	65	3	-	71	65
Benefits paid		(116)	(90)	(17)	(19)	(133)	(109)
Special termination benefits		4	5	-	-	4	5
Other (foreign currency translation adjustments)		(65)	109	(19)	29	(84)	138
Benefit obligation at the end of the year		**€ 1,319**	**€ 1,376**	**€ 159**	**€ 200**	**€ 1,478**	**€ 1,576**
Including wholly or partly funded benefits		*997*	*1,049*	-	-	*997*	*1,049*
Including wholly unfunded benefits (a)		*322*	*327*	*159*	*200*	*481*	*527*
Changes in fair value of plan assets							
Fair value of plan assets at the beginning of the year		806	685	-	-	806	685
Expected return on plan assets (b)		39	40	-	-	39	40
Experience gains (losses) (b)		24	9	-	-	24	9
Contributions by employers		223	152	16	18	239	170
Contributions by plan participants		-	1	1	1	1	2
Business combinations		-	-	-	-	-	-
Divestitures		-	-	-	-	-	-
Settlements		(19)	(59)	-	-	(19)	(59)
Transfers		-	3	-	-	-	3
Benefits paid		(116)	(90)	(17)	(19)	(133)	(109)
Other (foreign currency translation adjustments)		(46)	65	-	-	(46)	65
Fair value of plan assets at the end of the year		**€ 911**	**€ 806**	**€ -**	**€ -**	**€ 911**	**€ 806**
Funded status							
Underfunded obligation		(408)	(570)	(159)	(200)	(567)	(770)
Unrecognized actuarial (gains) losses		117	92	(18)	(16)	99	76
Unrecognized past service cost		4	5	-	-	4	5
Adjustment related to asset ceiling		-	-	-	-	-	-
Net (provision) asset recorded in the statement of financial position		**€ (287)**	**€ (473)**	**€ (177)**	**€ (216)**	**€ (464)**	**€ (689)**
Including assets	15.4	*21*	*35*	-	-	*21*	*35*
Including provisions for employee benefit plans (c)	19	*(308)*	*(508)*	*(177)*	*(216)*	*(485)*	*(724)*

(a) Certain pension plans, in accordance with local laws and practices, are not covered by pension funds. As of December 31, 2006, they principally comprise supplementary pension plans in the US and pension plans in Germany.

(b) The actual return on plan assets is the sum of the expected return on plan assets and the actuarial (gains) losses related to changes in actuarial assumptions.

(c) Includes a current liability of €73 million as of December 31, 2006.

The table below presents the benefit obligation, the fair value of plan assets and the funded status as of January 1, 2004 and as of December 31, 2004, 2005 and 2006:

	Pension Benefits				Post-retirement Benefits			
	December 31,			January 1,	December 31,			January 1,
(In millions of euros)	2006	2005	2004	2004	2006	2005	2004	2004
Benefit obligation	€ 1,319	€ 1,376	€ 1,276	€ 1,439	€ 159	€ 200	€ 201	€ 206
Fair value of plan assets	911	806	685	769	-	-	-	-
Funded status	**€ (408)**	**€ (570)**	**€ (591)**	**€ (670)**	**€ (159)**	**€ (200)**	**€ (201)**	**€ (206)**

The table below presents experience gains and losses as of December 31, 2004, 2005 and 2006:

	Pension Benefits			Post-retirement Benefits		
(In millions of euros)	2006	2005	2004	2006	2005	2004
Experience (gains) losses in the benefit obligation (a)	€ (2)	€ (4)	€ (4)	€ (2)	€ (4)	€ (3)
Experience gains (losses) in the fair value of plan assets (b)	24	9	6	-	-	-

a. Represents the impact on the benefit obligation resulting from the difference between benefits estimated at the previous year end and benefits paid during the year.

b. Represents the difference between the expected return on plan assets as of the previous year end and the actual return on assets during the year.

In 2006, the benefits paid, including settlements relating to externalized liabilities, amounted to €135 million (€149 million 2005) with respect to pensions, of which €107 million (€71 million in 2005) was paid by pension funds, and €17 million (€19 million in 2005) with respect to post-retirement benefits.

The table below provides a breakdown of the pension benefit obligations and the fair value of plan assets by country for the years ended December 31, 2006 and 2005:

	Pension Benefits		Post-retirement Benefits	
	December 31,			
(In millions of euros)	2006	2005	2006	2005
Benefit obligations				
US companies	€ 564	€ 633	€ 137	€ 177
UK companies	488	457	-	-
French companies	82	69	-	-
Other	185	217	22	23
	€ 1,319	**€ 1,376**	**€ 159**	**€ 200**
Fair value of plan assets				
US companies	€ 456	€ 341	€ -	€ -
UK companies	354	337	-	-
French companies	43	40	-	-
Other	58	88	-	-
	€ 911	**€ 806**	**€ -**	**€ -**

20.2.4 Additional information on pension benefits in France

Vivendi maintains four funded pension plans in France which are invested through insurance companies. The allocation of assets by category of the various plans was as follows:

	Equity securities	Real estate	Debt securities	Cash	Total
Corporate Supplementary Plan	14.0%	3.5%	82.0%	0.5%	100.0%
Corporate Management Supplementary Plan	14.5%	3.0%	82.0%	0.5%	100.0%
SFR Supplementary Plan	14.0%	4.4%	76.5%	5.1%	100.0%
Canal+ Group IDR* Plan	16.0%	11.0%	73.0%	0.0%	100.0%

*IDR (*Indemnités de départ en retraite*): Indemnities payable on retirement.

The asset allocation remains fairly stable over time and the current asset allocation reflects the target asset allocation. Contributions to these plans amounted to €13 million in 2005, €4 million in 2006 and are estimated to be less than €1 million for 2007.

20.2.5 Benefits estimation and future payments

For 2007, pension fund contributions and benefit payments to retirees by Vivendi (contributions by employers) are estimated at €64 million in respect of pensions (of which €41 million in contributions to pension funds) and €14 million in respect of post-retirement benefits.

The table below presents the estimated future benefit payments that will be met by the pension funds or by Vivendi:

(In millions of euros)	Pension Benefits	Post-retirement Benefits
2007	€ 98	€ 14
2008	41	13
2009	37	13
2010	37	13
2011	38	13
2012 - 2016	223	59

Note 21. Share-based compensation plans for the years ended December 31, 2006, and 2005

21.1. Analysis of the expense related to share-based compensation plans for the years ended December 31, 2006 and 2005

As of December 31, 2006 and 2005 the compensation cost recognized with respect to all outstanding plans is as follows:

		Year Ended December 31,		
(In millions of euros)	Note	2006	2005	
Equity-settled instruments				
Vivendi stock option plans	21.2.1	€ 32	€ 48	
Vivendi restricted stock plans - 2006	21.2.1	14	-	
Employee stock purchase plans	21.6	7	7	
		53	*55*	(a)
Cash-settled instruments (b)				
Vivendi stock appreciation rights plans	21.2.2	12	-	
Vivendi "restricted stock units" plans - 2006	21.2.2	6	-	
UMG employee equity unit plan	21.5.1	30	24	
Blizzard employee equity unit plan - 2006	21.5.2	12	-	
		60	*24*	
Share-based compensation cost		**€ 113**	**€ 79**	

a. Includes €5 million recorded in earnings from discontinued operations in respect of Cegetel SAS (please refer to Note 7 "Discontinued operations for the year ended 2005").

b. As of December 31, 2006, the estimated value of the vested rights at this date in respect of the concerned plans has been recorded as a liability and classified in non-current provisions for an amount of €147 million (€46 million in 2005), corresponding to vested rights for SARs plans of €65 million, RSUs plans of €6 million and UMG and Blizzard long-term incentive plans of €64 million and €12 million, respectively.

21.2. Information on plans granted by the Group

21.2.1 Plans granted to non-US resident executives and employees

Stock Option Plans

Over the past years, Vivendi has adopted several subscription stock option plans under which options may be granted to employees. Options vest annually in one-third tranches from the grant date's anniversary. Vested options become exercisable at the beginning of the third year from the grant date (i.e., two thirds of the original grant), and the remaining one-third becomes exercisable at the beginning of the fourth year from the grant date.

Recognition of the compensation cost relating to stock options is amortized over the vesting period, but not on a straight-line basis given the vesting conditions, i.e., in one-third tranches over three years. The expense is accounted for using the degressive method in accordance with the following spread rates: 61% in year 1 of the plan, 28% in year 2 and 11% in year 3.

Restricted Stock Plans

For the first time in 2006, Vivendi set up restricted stock plans, as established by the 2005 French Finance Act. Accordingly, in April, September and December 2006, Vivendi granted restricted stocks to certain non-US resident executives and employees. On December 12, 2006, Vivendi also granted 15 restricted shares to each employee.

a) Restricted stock plans granted to non-US resident executives and employees

In April, September and December 2006, Vivendi set up restricted stock plans for certain employees. The shares, granted to beneficiaries following a two-year vesting period, are conditional upon the achievement of certain operating objectives in terms of Group adjusted net income and cash flow from operations set forth in the 2006 budget. The restricted shares granted will only be available after a four-year period from the date of grant. However, as the shares granted are ordinary shares of the same class as existing shares making up the share capital of the Company, employee shareholders will be entitled to dividend and voting rights relating to all their shares from the end of the vesting period.

The compensation cost corresponds to the value of the equity instrument received by the beneficiary equal to the difference between the fair value of the shares to be received less the discounted value of the dividends expected to be distributed by Vivendi over the two-year vesting period. The compensation cost relating to the restricted stocks is recognized on a straight-line basis over the two-year vesting period.

As of December 31, 2006, as the performance conditions set were satisfied, the plan was measured using a factor of 100% achievement. Therefore, all shares are definitively granted and will be acquired by the beneficiaries following the two-year vesting period.

b) 15 restricted shares to each employee

On December 12, 2006, Vivendi set up a grant of 15 restricted shares without any performance condition for all non-temporary employees resident in France and Morocco and who are employed and who have been employed by the company for at least six months at this date. The 15 shares granted to each beneficiary will be issued at the end of a two-year period from the grant date. At the end of this period, the restricted shares will remain unavailable for an additional two-year period. However, as the shares granted are ordinary shares of the same class as existing shares making up the share capital of the Company, employee shareholders will be entitled to dividends and voting rights relating to all their shares from their issuance.

Given the immediate vesting of such grant, the compensation cost was recognized in full on the grant date.

21.2.2 Plans granted to US resident executives and employees

In 2006, in view of the delisting of Vivendi's shares from the NYSE and given prevailing US securities regulations, Vivendi granted specific equity awards to its US resident employees, with economic characteristics similar to those granted to non-US resident managers and employees; however, these equity instruments are exclusively cash-settled instruments:

- When the equity awards grant entitlement to the appreciation of the value of Vivendi shares, they are known as "stock appreciation rights" ("SARs"), which are the economic equivalent of stock options.

- When the equity awards grant entitlement to the value of Vivendi shares, they are known as "restricted stock units" ("RSUs"), which are the economic equivalent of restricted stocks.
- Moreover, for the same reasons, Vivendi has converted the former ADS stock option plans for its US employees into SARs plans.
- SARs and RSUs are denominated in dollars and their value therefore fluctuates with changes in the euro/dollar exchange rate.

Stock Appreciation Rights (SARs) plans

Under the Vivendi stock appreciation rights plan, the beneficiaries will receive, upon exercise of their rights, a cash payment based on Vivendi share price, equal to difference between the Vivendi share price upon exercise of the SARs and their strike price as set at the grant date. As for standard stock option plans, rights vest annually in one-third tranches at the grant date's anniversary. Vested SARs become exercisable at the beginning of the third year from the grant date (i.e., two-thirds of the original grant) and the remaining one-third becomes exercisable at the beginning of the fourth year from the grant date.

The compensation cost of the SARs is recorded over the vesting period but not on a straight-line basis, as the SARs under the plan vest in one-third tranches over three years. The expense is accounted for using the degressive method in accordance with the following spread rates: 61% in year 1 of the plan, 28% in year 2 and 11% in year 3. Moreover, the fair value of the plan is re-estimated at each reporting date and the expense adjusted pro rata to vested rights at the relevant reporting date. As of December 31, 2006, the estimated value of the vested rights has been recorded as a liability, classified in non-current provisions, for an amount of €3 million.

Restricted Stock Unit (RSUs) plans

For the first time in 2006, Vivendi set up restricted stock unit plans. In April and September 2006, Vivendi granted restricted stock units to certain US-resident executives and employees. On December 12, 2006, Vivendi also granted the equivalent of 15 shares of Vivendi restricted stock equivalents in the form of 15 RSUs to each employee not resident in France or Morocco.

In general, the participant will received a cash payment equal to the value of his or her RSUs four years from the date of grant. The value of the RSUs will be based on the value of Vivendi shares at that time (as quoted on the Paris stock exchange), plus the value of dividends paid on Vivendi shares for the fiscal years 2008 and 2009, and converted to local currency based on prevailing exchange rates.

As of December 31, 2006, the estimated value of vested rights has been recorded as a liability, classified in non-current provisions, for an amount of €6 million.

a) Restricted Stock Unit plans granted to US executives and employees

As for the restricted stock plans set up in April and September 2006, Vivendi set up restricted stock unit plans for certain US employees. The shares, granted to beneficiaries following a two-year vesting period, are conditional upon the achievement of certain operating objectives in terms of Group adjusted net income and cash flow from operations set forth in the 2006 budget.

The compensation cost in respect of the RSUs plan is recognized over the two-year vesting period. As of December 31, 2006, as the performance conditions were satisfied, the plan was measured using a factor of 100% achievement. Therefore, all RSUs granted are definitively granted and will be acquired following the two-year vesting period. The value of the plan is remeasured at each period end and the compensation cost adjusted accordingly, prorata to rights vested at the relevant reporting date.

b) 15-RSU plan for each employee

On December 12, 2006, Vivendi set up a 15 RSU plan without any performance condition for all non-temporary employees resident outside France and Morocco and who are employed and who have been employed by the company for at least six months at this date. In general, the restricted stock units granted will be paid out after a four-year period from the date of grant. RSUs are simply units of account and do not have any value outside the context of this plan. They do not have voting rights, and they do not represent or imply an ownership interest in Vivendi or any of its businesses.

Given the immediate vesting of such grant, the compensation cost was recognized in full on grant date.

Conversion of the former ADS option plans into SAR plans

On May 15, 2006, the ADS option plans for US resident employees were converted into SAR plans. The terms and conditions of the stock options granted remain unchanged (exercise price, vesting period, maturity, etc.), but can only be cash-settled henceforth. As a result, the estimated value of the vested rights of these plans as at that date (€67 million) has been recorded as a liability and classified in non-current provisions as a deduction from equity (Please refer to the Consolidated Statement of Changes in Equity for the year ended December 31,

2006). As of December 31, 2006 the estimated value of the vested rights of these plans amounts to €62 million.

21.3. Information on outstanding plans

Vivendi uses a binomial model to value the personnel cost corresponding to the awards granted. For purposes of determining the expected term and in the absence of historical data relating to stock options exercises, Vivendi applies a simplified approach: the expected term of equity-settled instruments granted is presumed to be the mid-point between the vesting date and the end of the contractual term (i.e., 6 years for the 10 year-term grants). For cash-settled instruments, the expected term used is equal to:

- for rights that can be exercised, one-half of the residual contractual term of the instrument ;
- for rights that can't be yet exercised, the mean of the residual vesting period and the residual contractual term of the instrument.

The computed volatility corresponds to the average of Vivendi 3-year historical volatility and its implied volatility, that is determined with Vivendi put and call options traded on the MONEP with a maturity of six months or more. The characteristics and assumptions used to value the instruments granted since 2002 are as follows:

Equity- settled instruments

	Subscription plans								
	2006	2006	2006	2005	2004	2003			2002
Grant date	December 12	September 22	April 13	April 26	May 21	December 9	May 28	January 29	October 10
Options strike price	€ 29.41	€ 28.54	€ 28.54	€ 23.64	€ 20.67	€ 19.07	€ 14.40	€ 15.90	€ 12.10
Maturity (in years)	10	10	10	10	10	10	10	8	8
Expected term (in years)	6	6	6	10	10	10	10	8	8
Number of options initially granted	24,000	58,400	5,481,520	7,284,600	8,267,200	310,000	10,547,000	1,610,000	2,451,000
Options strike price at grant date	29.39	27.9	28.14	23.72	20.15	18.65	15.67	15.20	10.98
Expected volatility	21 %	22 %	26 %	17 %	20 %	20 %	20 %	20 %	60 %
Risk-free interest rate	3.93 %	3.73 %	3.99 %	3.46 %	4.36 %	3.90 %	3.90 %	3.90 %	5.00 %
Expected dividend yield	4.25 %	4.05 %	3.80 %	3.37 %	2.98 %	3.18 %	3.83 %	3.95 %	0.00 %
Fair value of the granted options (in euros)	4.43	4.20	5.38	4.33	4.78	4.21	3.65	2.64	7.25
Fair value of the plan (in millions of euros)	**0.1**	**0.2**	**29.5**	**31.5**	**39.5**	**1.3**	**38.5**	**4.3**	**17.8**

	Restricted stock plans			
	2006			
Grant date	December 12 (a)	December 12	September 22	April 13
Maturity (in years)	2	2	2	2
Number of shares initially granted	353,430	2,001	4,861	456,968
Strike price at grant date (in euros)	29.39	29.39	27.90	28.14
Expected volatility	na*	na*	na*	na*
Risk-free interest rate	na*	na*	na*	na*
Expected dividend yield	4.25 %	4.25 %	4.05 %	3.80 %
Fair value of the granted shares (in euros)	26.94	26.94	25.69	26.04
Fair value of the plan (in millions of euros)	**9.5**	**0.1**	**0.1**	**11.9**

na* : not applicable

(a) Under the grant for all employees set-up on December 12, 2006, each beneficiary definitively acquired a right to receive 15 restricted shares that will be issued on an individual account, on December 13, 2008.

	Purchase plans		
	2002		
Grant date	May 29	April 24	January 24
Options strike price	€ 33.75	€ 37.83	€ 53.38
Maturity (in years)	8	8	8
Expected term (in years)	8	8	8
Number of options initially granted	75,000	404,000	256,392
Options strike price at grant date	33.75	38.90	53.60
Expected volatility	60 %	60 %	60 %
Risk-free interest rate	5.00 %	5.00 %	5.00 %
Expected dividend yield	0.00 %	0.00 %	0.00 %
Fair value of the granted options (in euros)	22.87	26.57	36.36
Fair value of the plan (in millions of euros)	**1.7**	**10.7**	**9.3**

Cash-settled instruments

	2006				
	RSUs			SARs	
Grant date	December 12	September 22	April 13	September 22	April 13
Strike price (in US dollars)	$ -	$ -	$ -	$ 34.58	$ 34.58
Maturity at the origin (in years)	2	2	2	10	10
Expected term (in years)	2	1.7	1.3	5.7	5.3
Number of instruments initially granted	141,495	2,000	104,250	24,000	1,250,320
Share market price at grant date (in US dollars)	39.05	39.05	39.05	39.05	39.05
Expected volatility	na*	na*	na*	21 %	21 %
Risk-free interest rate	na*	na*	na*	3.93 %	3.94 %
Expected dividend yield	4.26%	4.22%	4.22%	4.22%	4.22%
Fair value of the granted instruments (in US dollars)	35.70	37.40	37.40	7.99	7.56
Fair value of the plan (in millions of US dollars)	**5.1**	**0.1**	**3.9**	**0.2**	**9.5**

na* : not applicable

(a) Under the grant for all employees set-up on December 12, 2006, each beneficiary definitively acquired a right to receive 15 restricted stocks units.

21.4. Information on outstanding plans since January 1, 2005

Transactions involving all equity-settled and cash-settled plans since January 1st, 2005 are summarized below:

Equity- settled instruments

	Stock Options on Vivendi Shares			Vivendi restricted stock plan	
	Number of Stock Options Outstanding	Weighted Average Strike Price of Stock Options Outstanding	Weighted average remaining contractual life	Number of restricted Stocks Outstanding	Weighted average remaining period before issuing shares
		(in euros)	(in years)		(in years)
Balance as of December 31, 2004	**58,185,058**	**46.5**	-	-	-
Granted	7,284,600	23.6	-	-	-
Exercised	(465,656)	13.7	-	-	-
Forfeited	(1,222,167)	85.3	-	-	-
Cancelled	(1,083,840)	30.0	-	-	-
Balance as of December 31, 2005	**62,697,995**	**44.7**	-	-	-
Granted	5,563,920	28.5	-	817,260	-
Exercised (a)	(1,840,970)	14.2	-	-	-
Forfeited	(2,447,721)	140.2	-	-	-
Cancelled	(513,302)	23.9	-	(11,700)	-
Balance as of December 31, 2006	**63,459,922**	**44.2**	**4.5**	**805,560**	**1.6**
Exercisable as of December 31, 2006	**48,066,348**	**49.7**			
Acquired as of December 31, 2006	**51,351,219**	**48.6**			

(a) The weighted average share price for options exercised during the year 2006 was €28.74.

Cash-settled instruments

	Stock Options on ex-ADS converted into SARs (May 2006)				SARs			RSUs	
	Number of SARs (ex ADS) Outstanding	Weighted Average Strike Price of SARs (ex ADS) Outstanding	Total intrinsic value	Weighted average remaining contractual life	Number of SARs Outstanding	Weighted Average Strike Price of SARs Outstanding	Weighted average remaining contractual life	Number of Restricted Stocks Units Outstanding	Weighted average remaining period before acquisition
		(in US dollars)	(In millions of US dollars)	(in years)		(in US dollars)	(in years)		(in years)
Balance as of December 31, 2004	**40,317,526**	**49.6**							
Granted	1,825,400	28.9							
Exercised	(965,077)	18.1							
Forfeited	(2,414,192)	38.7							
Cancelled	(860,046)	38.1							
Balance as of December 31, 2005	**37,903,611**	**50.3**							
Granted	-	-			1,274,320	34.6		247,745	
Exercised (a)	(1,781,581)	19.3			-	-		-	
Forfeited	(2,381,357)	44.1			-	-		-	
Cancelled	(535,937)	40.6			(16,000)	34.6		(1,334)	
Balance as of December 31, 2006	**33,204,736**	**52.6**	**62.5**	**2.8**	**1,258,320**	**34.6**	**9.3**	**246,411**	**1.7**
Exercisable as of December 31, 2006	**31,262,105**	**54.0**	**44.9**						
Acquired as of December 31, 2006	**31,850,773**	**53.9**	**49.6**						

(a) The weighted average share price for SARs exercised during 2006 was $34.47.

The following table summarizes information concerning stock options for ordinary shares outstanding and vested as of December 31, 2006:

Range of Strike Prices	Number Outstanding	Weighted Average Strike Price	Weighted Average Remaining Contractual Life	Number Vested	Weighted Average Strike Price
		(in euros)	(in years)		(in euros)
Under €20	12,193,990	14.4	5.8	12,193,990	14.4
€20 - €30	19,980,861	23.9	8.2	8,077,826	21.6
€30 - €40	79,114	34.0	3.4	79,114	34.0
€40 - €50	7,008,105	46.9	2.8	7,008,105	46.9
€50 - €60	771,926	56.1	2.7	566,258	57.1
€60 - €70	5,431,688	62.3	0.5	5,431,688	62.3
€70 - €80	12,617,912	74.0	1.2	12,617,912	74.0
€80 and more	5,376,326	94.6	1.7	5,376,326	94.6
	63,459,922	**44.2**	**4.5**	**51,351,219**	**48.6**

The following table summarizes information concerning stock appreciation rights outstanding and vested as of December 31, 2006:

Range of Strike Prices	Number Outstanding	Weighted Average Strike Price	Weighted Average Remaining Contractual Life	Number Vested	Weighted Average Strike Price
		(in US dollars)	(in years)		(in US dollars)
Under $20	1,012,444	14.8	5.0	1,012,444	14.8
$20 - $30	1,500,162	24.6	6.4	1,261,729	24.6
$30 - $40	3,479,078	32.8	7.8	1,105,228	32.9
$40 - $50	12,908,185	44.6	1.9	12,908,185	44.6
$50 - $60	2,888,878	57.8	2.2	2,888,878	57.8
$60 - $70	6,964,478	67.1	2.0	6,964,478	67.1
$70 - $80	5,698,388	74.0	3.0	5,698,388	74.0
$80 and more	11,443	175.2	3.0	11,443	175.2
	34,463,056	**51.9**	**3.0**	**31,850,773**	**53.9**

21.5. Long-term incentive plans

21.5.1 UMG long-term incentive plan

Since 2003, UMG has maintained an Equity Incentive Plan. Under the Plan, certain key executives of UMG are awarded Equity Units. These Equity Units are phantom stock units whose value is intended to reflect the value of UMG, net of certain other adjustments as defined in the plan. These Equity Units are simply units of account, and they do not represent an actual ownership interest in either UMG or Vivendi. In general, the plan calls for Equity Units to vest at the end of a fixed vesting period that typically coincides with the term of the executive's employment agreement. In general, the Plan calls for cash payments to be made to participants at the end of that vesting period, based on the value of the Equity Units at that time (all amounts under the plan are due in 2008 and 2009). The Plan is denominated in US$. There are 1,350,000 units granted (unchanged compare to 2005).

While an executive's Equity Units generally vest at the end of a fixed vesting period, compensation expense is recognized over the vesting period as services are rendered. Specifically, the expense recognized is based on the portion of the vesting period that has elapsed and the estimated value of those Equity Units. As of December 31, 2006, the estimated and discounted value of the rights vested, i.e. 891,667 units, amounted to $84 million (€64 million) compared to $54 million (€46 million) as of December 31, 2005. The expense is recorded as a non current provision.

Except in case of certain transactions, the cash payments made under the Plan will be based on the appraised value of UMG as determined by a third-party valuation. This appraised value is based on UMG's total enterprise value, taking into account other adjustments as defined in the Plan, as of December 31 of the year preceding the payment. No payments have yet been made (or are due to be made) under the Plan. Accordingly, no third-party valuation has yet been undertaken. In order to value the Equity Units for accounting purposes prior to an actual payment, the value of the Units is estimated based on publicly-available estimates of UMG's enterprise value. As of December 31, 2006 and 2005, the estimated value was $104.45 and $83.53 per Equity Unit, respectively.

21.5.2 Blizzard (Vivendi Games subsidiary) long-term incentive plan

In 2006, Blizzard Entertainment Inc. ("Blizzard"), a subsidiary of Vivendi Games, implemented an Equity Incentive Plan, under which a certain number of key executives and key developers of Blizzard were awarded Restricted Stocks of Blizzard. The Restricted Stocks granted in 2006 are actual shares of Blizzard, whose value is determined every year based on an external independent appraisal. These Restricted Stocks will vest in one-third increments over the next 3 years, starting January 1, 2007. In general, under the Plan participants may only redeem vested shares in exchange for cash payments Shares granted under the Plan are denominated in US$. In total, 1,361,000 restricted stocks were granted in October 2006.

Compensation expense is recognized over the vesting period as services are rendered. Amortization is not straight-line, as the rights under the plan vest in one-third increments over three years. The expense is, therefore, amortized in accordance with the following spread rates: 61% in year 1 of the plan, 28% in year 2 and finally 11% in year 3. Specifically, the expense recognized in 2006 is based on the elapsed portion of each vesting tranche and the estimated value of Blizzard as determined by the external independent appraisal. As of December 31, 2006, the estimated value of the rights granted under the Plan amounted to $26 million, of which $16 million (€12 million) represents the accrued portion of the rights and is recorded as a non-current provision.

Except in case of certain transactions, the cash payments to be made under the Plan will be based on the value of Blizzard as determined by the latest available independent expert appraisal. Such appraisal will be carried out every year, based on the financial situation of Blizzard at December 31st of the preceding year. The last valuation available was determined as of December 31, 2005, using standard professional valuation methodologies.

As of December 31, 2006, all Restricted Stock grants are still outstanding, and no shares have become vested, been exercised, forfeited or cancelled.

21.6. Employee stock purchase plans

Shares sold to employees and retirees through the employee stock purchase plans in 2006 and 2005 were as follows:

	Year Ended December 31,				
	2006		2005		
Subscription price (in euros)	€	20.72	€	19.46	
Share price at grant date (in euros)	€	25.7	€	24.2	
Number of shares subscribed (a)		1,471,499		1,399,097	(a)
Amount subscribed (in millions of euros)		30		27	

(a) Includes 286,675 shares subscribed by Cegetel S.A.S. employees in 2005. The related expenses, i.e. €1.4 million in 2005 were recorded in earnings from discontinued operations.

Note 22. Restructuring Provisions as of December 31, 2006 and December 31, 2005

(In millions of euros)	Universal Music Group	Vivendi Games	Canal+ Group	SFR	Maroc Telecom	Holding & Corporate	Non core operations	Total Vivendi
Restructuring reserves as of December 31, 2004	€ 40	€ 22	€ 10	€ 8	€ 14	€ 30	€ -	€ 124
Changes in scope of consolidation and purchase accounting adjustments	3	2	2	(8)	-	1	6	6
Additions	24	1	-	-	1	1	-	27
Utilization	(33)	(14)	(7)	-	(14)	(8)	(5)	(81)
Reversals	-	-	-	-	-	(3)	-	(3)
Restructuring reserves as of December 31, 2005 (a)	€ 34	€ 11	€ 5	€ -	€ 1	€ 21	€ 1	€ 73
Changes in scope of consolidation and purchase accounting adjustments	-	-	(4)	-	-	-	(1)	(5)
Additions	33	2	-	-	27	1	-	63
Utilization	(50)	(7)	(1)	-	-	(5)	-	(63)
Reversals	-	-	-	-	-	(1)	-	(1)
Restructuring reserves as of December 31, 2006 (a)	€ 17	€ 6	€ -	€ -	€ 28	€ 16	€ -	€ 67

(a) Includes pension benefits (€25 million as of December 31, 2006 and €47 million as of December 31, 2005)

Note 23. Long-term borrowings and other financial liabilities as of December 31, 2006 and December 31, 2005

23.1. Analysis of long-term borrowings and other financial liabilities as of December 31, 2006 and December 31, 2005

(In millions of euros)	Note	Nominal interest rate (%)	Effective interest rate (%)	Maturity	December 31, 2006	December 31, 2005
Finance leases	12.1	-	-	2008 - 2016	247	362
Asset-backed borrowings (a)					€ 247	€ 362
Notes						
€700 million notes (October 2006) (b)		Euribor 3 months +0.50%	4.54%	October 2011	700	-
€500 million notes (October 2006) (b)		4.50%	4.59%	October 2013	500	-
€700 million notes (July 2004) (b)		Euribor 3 months +0.55%	2.28%	July 2007	- (c)	700
€630 million notes (April 2005) (b)		3.63%	3.63%	April 2010	630	630
€600 million notes (February 2005) (b)		3.88%	3.94%	February 2012	600	600
€600 million notes (July 2005) - SFR (b)		3.38%	3.43%	July 2012	600	600
€400 million notes (October 2006) - SFR (b)		Euribor 3 months +0.125%	3.65%	October 2008	400	-
Bonds exchangeable for Sogecable shares (d)		1.75%	6.48%	October 2008	221	242
Other notes (e)		-	-	-	275	275
Facilities						
€1.2 billion revolving credit facility - SFR		Euribor 1 month +0.18%	3.81%	April 2011	-	550
MAD 6 billion notes - tranche B: 4 billion	2.5	TMP BDT 5 yrs: +1.15% (f)	5.10%	December 2011	359	367
Other (e)		-	-	-	138	169
Unsecured borrowings					€ 4,423	€ 4,133
Nominal value of borrowings					€ 4,670	€ 4,495
Cumulative effect of amortized cost and split accounting of embedded derivatives		na*	na*	na*	(40)	(53)
Borrowings					€ 4,630	€ 4,442
Put options granted to various third parties by Canal+ Group and SFR		na*	na*	-	43	39
Commitments to purchase minority interests					€ 43	€ 39
Embedded derivative in bonds exchangeable for Sogecable shares		na*	na*	October 2008	26	50
Other financial derivative instruments		na*	na*	-	15	14
Other derivative instruments					€ 41	€ 64
Long-term borrowings and other financial liabilities					€ 4,714	€ 4,545

na*: no interest accrued on other financial liabilities.

(a) Borrowings are considered secured whenever the creditor(s) is/are backed by a pledge on the borrower's and/or its guarantors' assets.

(b) The notes, listed on the Luxembourg Stock Exchange, are subject to customary pari passu, negative pledge and event of default provisions.

(c) This borrowing was recorded as a short term borrowing.

(d) On October 30, 2003, Vivendi issued €605 million of 1.75% exchangeable bonds due 2008. The bonds are exchangeable for common shares of Sogecable S.A. (a limited liability company incorporated under the laws of the Kingdom of Spain, whose shares are listed on the Madrid Stock Exchange). Interest is payable annually in arrears on October 30th of each year, commencing on October 30, 2004. Each bond is exchangeable at the option of the bondholder at any time, from January 1, 2004, up to the tenth business day preceding the maturity date, into common shares of Sogecable S.A. at an exchange ratio of one share for one bond, subject to adjustment upon the occurrence of certain events. In June 2005, this ratio increased to 1.0118 share for one bond. Vivendi may at its discretion elect to pay holders exercising their option the cash equivalent in euros of the present market value of the relevant shares. In November and December 2005, Vivendi divested 12.5 million Sogecable shares, at the bondholders' request, as part of the redemption of €363 million of bonds exchangeable into Sogecable shares (please refer to Note 15.1 "Changes in available-for-sale"). In addition, Vivendi is entitled, at any time since October 30, 2006, at its discretion, to redeem in cash all, but not less than all, of the outstanding bonds, if on 20 out of 30 consecutive trading days, the product of (i) the closing price of a Sogecable share on the Madrid Stock Exchange and (ii) the then applicable exchange ratio equals or exceeds 125% of the sum of the principal amount of one bond (€29.32) plus accrued interest to, but excluding, the date set for redemption. In addition, Vivendi is entitled at any time to redeem in cash all, but not less than all, of the bonds outstanding at a price equal to the principal amount of the bonds plus accrued interest, if any, if less than 10% of the bonds originally issued remain outstanding at that time. Unless previously redeemed, exchanged or purchased and cancelled, the bonds will be redeemed in cash on the maturity date at their principal amount. The bonds, which are listed on the Luxembourg Stock Exchange, are subject to customary pari passu, negative pledge and event of default provisions.

(e) Additional information on "other notes and "other":

(In millions of euros)	Fixed interest rate Rate (%)	Maturity	Amount	Floating interest rate Rate (%)	Maturity	Amount	Total
As of December 31, 2006							
Other notes	6.50%	January 2009	€ 152	Euribor 3 months -0.27% to Libor 3 months -0.23%	2008-2009	€ 123	€ 275
Other	0%-8.67%	2008-2023	119	Euribor 12 months +0.25%	> 2008	19	138
Total			€ 271			€ 142	€ 413
As of December 31, 2005							
Other notes	6.50%	January 2009	€ 152	Euribor 3 months -0.27% to Libor 3 months -0.23%	2008-2009	€ 123	€ 275
Other	0%-8.67%	2007-2023	136	Euribor 3 months +0.215%	> 2007	33	169
Total			€ 288			€ 156	€ 444

(f) The interest rate is calculated base on the weighted average rate of the treasury bonds issued by the Kingdom of Morocco.

23.2. Currency, maturity and nature of interest rate of the nominal value of borrowings as of December 31, 2006 and December 31, 2005

(In millions of euros)	December 31, 2006		December 31, 2005	
Currency:				
Euro - EUR	€ 4,224	90.4%	€ 4,025	89.5%
US dollar - USD	81	1.8%	92	2.1%
Dirham - MAD	359	7.7%	367	8.2%
Other	6	0.1%	11	0.2%
Total	**€ 4,670**	100.0%	**€ 4,495**	100.0%
Maturity:				
Due between one and two years	758	16.2%	778	17.3%
Due between two and three years	299	6.4%	375	8.4%
Due between three and four years	647	13.9%	307	6.8%
Due between four and five years	1,077	23.1%	1,197	26.6%
Due after five years	1,889	40.4%	1,838	40.9%
Total	**€ 4,670**	100.0%	**€ 4,495**	100.0%
Nature of interest rate:				
Fixed interest rate	3,050	65.3%	2,681	59.6%
Floating interest rate	1,620	34.7%	1,814	40.4%
Total	**€ 4,670**	100.0%	**€ 4,495**	100.0%

Note 24. Short-term Borrowings and other Financial Liabilities as of December 31, 2006 and December 31, 2005

24.1. Analysis of short-term borrowings and other financial liabilities as of December 31, 2006 and December 31, 2005

(In millions of euros)	Note	Nominal interest rate (%)	December 31, 2006	December 31, 2005	
Current portion of finance leases			10	1	
Asset-backed borrowings (a)			**€ 10**	**€ 1**	
Treasury Bills					
Vivendi S.A.		Eonia +0.05%	167	173	
SFR		Eonia +0.03%	950	957	
Current portion of long-term borrowings					
MAD 6 billion notes - tranche A: 2 billion (b)	2.5	TMP BDT 52 weeks +1.15%	-	184	
€700 million notes (July 2004) - Vivendi SA		Euribor 3 months +0.55%	700	-	
€300 million (April 2006) - SFR		Euribor 3 months +0.09%	300	-	
Other notes (c)			-	342	
Other borrowings (c)			65	68	
Other (c)			375	391	
Unsecured borrowings			**€ 2,557**	**€ 2,115**	
Nominal value of borrowings			**€ 2,567**	**€ 2,116**	
Cumulative effect of amortized cost and split accounting of embedded derivatives		na*	9	9	
Borrowings			**€ 2,576**	**€ 2,125**	
Put options granted to various third parties by Canal+ Group		na*	14	69	(d)
Commitments to purchase minority interests			**€ 14**	**€ 69**	
Other financial derivative instruments		na*	11	21	
Short-term borrowings and other financial liabilities			**€ 2,601**	**€ 2,215**	

na*: no interest accrued on other financial liabilities.

(a) Borrowings are considered secured whenever the creditor(s) is/are backed by a pledge on the borrower and/or its guarantors' assets.

(b) This tranche was redeemed in May 2006.

(c) Additional information on "other notes" and "other" is provided below:

(In millions of euros)	Fixed interest rate Rate (%)	Fixed interest rate Amount	Floating interest rate Rate (%)	Floating interest rate Amount	Total
As of December 31, 2006	0%-9%	€ 78	Euribor 3 months -0.10% to Libor USD 6 months +0.50%	€ 362	€ 440
As of December 31, 2005	0%-9%	386	Euribor 3 months -0.10% to Libor USD 6 months +0.50%	415	801

(d) Includes mainly a put option on TKP shares which matured in October 2006 and was not exercised.

24.2. Currency of the nominal value of borrowings as of December 31, 2006 and December 31, 2005

(In millions of euros)	December 31, 2006		December 31, 2005	
Euro - EUR	2,472	*96.3%*	1,810	*85.5%*
US dollar - USD	5	*0.2%*	15	*0.7%*
Dirham - MAD	20	*0.8%*	222	*10.5%*
Other	70	*2.7%*	69	*3.3%*
Total	**2,567**	*100.0%*	**2,116**	*100.0%*

Note 25. Fair value of financial instruments as of December 31, 2006 and December 31, 2005

Pursuant to IAS 32, financial instruments are defined as follows:

- Financial assets, which comprise the following assets:
  - Cash;
  - Contractual rights to receive cash or another financial asset;
  - Contractual rights to exchange a financial instrument under conditions that are potentially favorable; and
  - Equity instruments of another entity.

In practice, financial assets include cash and cash equivalents, trade accounts receivable and other as well as financial assets measured at fair value, at historical cost and at amortized cost.

- Financial liabilities, which comprise the following liabilities:
  - Contractual obligations to deliver cash or another financial asset; and
  - Contractual obligations to exchange a financial instrument under conditions that are potentially unfavorable.

In practice, financial liabilities include trade accounts payable and other, other non-current liabilities, short and long-term borrowings and other financial liabilities, including commitments to purchase minority interests and other derivative financial instruments.

- Equity instruments of the Group (including equity derivative instruments).

The following table presents the net carrying amount and fair value of financial instruments of the Group as of December 31, 2006 and December 31, 2005.

		December 31,			
		2006		2005	
(In millions of euros)	Note	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets					
Financial assets at fair value	15	€ 2,381	€ 2,381	€ 2,587	€ 2,587
Financial assets at cost or at amortized cost	15	1,616	1,616	1,310	1,310
Trade accounts receivable and other	16.2	4,489	4,489	4,531	4,531
Cash and cash equivalents	17	2,400	2,400	2,902	2,902
Financial liabilities					
Borrowings and other financial liabilities		€ 7,315	€ 7,402	€ 6,760	€ 6,998
including					
Long term borrowings	23	*4,630*	*4,717*	*4,442*	*4,680*
Short term borrowings	24	*2,576*	*2,576*	*2,125*	*2,125*
Commitments to purchase minority interests		*57*	*57*	*108*	*108*
Other derivative instruments		*52*	*52*	*85*	*85*
Other non current liabilities	16.4	1,269	1,269	1,342	1,342
Trade accounts payable and other	16.3	9,297	9,297	8,737	8,737

The carrying amount of trade accounts receivable and other, cash and cash equivalents, trade accounts payable and other and short-term borrowings is a reasonable approximation of fair value, due to the short maturity of these instruments.

The estimated fair value of other financial instruments, as set forth above, has generally been determined by reference to market prices resulting from trading on a national securities exchange or in an over-the-counter market. In cases where listed market prices are not available, fair value is based on estimates using present value or other valuation techniques. Please refer to Note 1 "Accounting policies and valuation methods".

Note 26. Risk management and financial derivative instruments as of December 31, 2006 and December 31, 2005

Vivendi centrally manages financial liquidity, interest rate, foreign currency exchange rate and equity market risks. Vivendi's Financing and Treasury Department carries out these activities, reporting directly to the chief financial officer of Vivendi, a member of the Management Board. The Department has the necessary expertise, resources, notable technical resources and information systems for this purpose.

Vivendi uses various derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates, foreign currency exchange rates and stock prices. All instruments are either listed on organized markets or traded over the counter with highly-rated counter-parties. All derivative financial instruments are used for hedging purposes. The following table sets forth the value of derivative financial instruments recorded in the Consolidated Statements of financial position as of December 31, 2006 and December 31, 2005.

(In millions of euros)	December 31, 2006 Derivative financial instruments as assets	December 31, 2006 Derivative financial instruments as liabilities	December 31, 2005 Derivative financial instruments as assets	December 31, 2005 Derivative financial instruments as liabilities
Interest rate risk managements				
Pay-fixed interest rate swaps	€ 14	€ -	€ -	€ 3
Pay-floating interest rate swaps	3	1	10	-
Interest rate caps	1	-	-	-
Foreign currency risk management				
Currency swaps	2	4	13	19
Forward contracts	13	1	-	-
Equity market risk management				
Swaps indexed on Vivendi shares	-	4	1	5
Swaps indexed on other shares	11	-	-	1
Veolia Environnement warrants	-	-	2	-
Other derivative instruments				
Embedded derivative in bonds exchangeable for Sogecable shares	-	26	-	50
Other embedded derivatives on borrowings	-	16	-	5
Other	8	-	3	2
Total	**€ 52**	**€ 52**	**€ 29**	**€ 85**
Deduction of current derivative financial instruments	(37)	(11)	(13)	(21)
Non current derivative financial instruments	**15**	**41**	**16**	**64**

26.1. Interest rate risk management

Interest rate risk management instruments are used by Vivendi to reduce net exposure to interest rate fluctuations, to adjust the respective proportion of fixed and floating interest rates in the total debt and to lower net financing costs. However, the use of these instruments has decreased in line with the substantial reduction in the Group's gross borrowings. In 2006, average gross borrowings amounted to €6.7 billion (flat compared to 2005), of which €3 billion was of fixed rates and €3.7 billion was of floating rates (unchanged as compared to 2005). In 2006, the average cost of borrowings was 4.22% (compared to 3.83% in 2005) before taking into account the impact of interest rate derivative instruments. After interest rate management, the average cost of borrowings was 4.20% with a fixed rate ratio of 52% (compared to 3.92%, with a fixed-rate ratio of 51% in 2005).

Interest rate risk management instruments used by Vivendi include pay-floating and pay-fixed interest rate swaps. Pay-floating swaps effectively convert fixed rate borrowings to LIBOR and EURIBOR indexed ones. Pay-fixed swaps convert floating rate borrowings into fixed rate borrowings. These instruments enable the Group to manage and reduce volatility in future cash flows required for interest payments on floating rate borrowings.

In addition, Vivendi has a number of interest rate caps. If interest rates rise above the strike rate, the caps convert floating-rate borrowings into fixed-rate borrowings. Below the strike rate, the caps are not activated and Vivendi is able to benefit from decreases in interest rates.

At the end of December 2006, borrowings totaled €7.2 billion. Before considering any hedging instruments, floating-rate borrowings totaled €4.1 billion, hedged by interest rate swaps for the amount of €970 million and interest rate caps for the amount of €450 million.
Moreover, cash and cash equivalents totaled €2.4 billion and are entirely of floating rate. The cash collateral deposit of €469 million made by Vivendi in favor of Lagardère pursuant to the sale of 9.82% of the share capital of Canal+ France to Lagardère terminated on January 4, 2007 and is therefore recorded as a deduction in the Financial Net Debt as of December 31, 2006.
Given the relative weighting of the Group's fixed-rate positions (borrowings of €3.1 billion, swaps of €1 billion and caps of €0.45 billion) and floating-rate positions (borrowings of €4.1 billion less cash and cash equivalents of €2.4 billion), an increase of 100 basis points in short-term interest rates would generate an additional €3.5 million in interest cost and a decrease of 100 basis points in short-term interest rates would generate a improvement of €8 million in interest cost.

The following table summarizes information concerning Vivendi's interest rate risk management instruments:

(In millions of euros)	December 31, 2006		December 31, 2005
Pay-fixed interest rate swaps			
Notional amount	€ 1,250		€ 566
Average interest rate paid	3.49%		3.56%
Average interest rate received	3.69%		2.58%
Maturity:			
Due within one year	500		66
Due between one and five years	700	(a)	500
Due after five years	50	(b)	-
Pay-floating interest rate swaps			
Notional amount	280		280
Average interest rate paid	3.66%		2.43%
Average interest rate received	3.28%		3.28%
Maturity:			
Due within one year	250		-
Due between one and five years	30		280
Due after five years	-		-
Net position at Fixed interest rate	**970**		**286**
Interest rate caps			
Notional amount	450	(c)	150
Guarantee rate bought	3.57%		3.33%
Maturity:			
Due within one year	450		-
More than one year and up to five years	-		150

(a) In 2006, Vivendi hedged its €700 million floating-rate notes issued in October (Please refer to Note 23.1 "Analysis of long-term borrowings and other financial liabilities as of December 31, 2005") with pay-fixed interest rate swaps for a notional amount of €700 million and with a maturity of five years (i.e., 2011). For accounting purposes, such derivative instruments are qualified as cash flow hedge.

(b) Deferred-start (October 2007) pay-fixed interest rate swaps with a maturity of 5 years.

(c) In 2006, SFR completed the hedging of its interest rate risk on its treasury bill program with the implementation of additional interest rate caps of €300 million maturing in 2007, that will be converted into pay-fixed interest rate swaps or deferred-start swaps with maturities of 4 and 5 years (i.e., 2011 and 2012).

26.2. Foreign currency risk management

Vivendi's foreign currency risk policy seeks to hedge highly probable budget exposures, resulting primarily from monetary flows generated by commercial activities performed in currencies other than the euro and firm commitments, essentially relating to the acquisition of editorial content including sports, audiovisual and film rights, valued in foreign currency. For this purpose, Vivendi enters into currency swaps and forward contracts, in accordance with procedures forbidding speculative transactions.

- Vivendi is the sole counter-party for foreign currency transactions within the Group, unless specific regulatory or operational restrictions require otherwise.
- All foreign currency hedging transactions are backed, in amount and by maturity, to an identified economic underlying item.
- All identified exposures are hedged at a minimum of 80% for forecasted transactions exposures and 100% for firm commitment contracts.

In addition, Vivendi also hedges foreign currency exposure resulting from foreign-currency denominated financial assets and liabilities, by entering into currency swaps and forward contracts enabling the refinancing or investment of cash balances in euros or the local currency.

As of December 31, 2006, Vivendi had effectively hedged approximately 96% (compared to 98% as of December 31, 2005) of its foreign currency cash flows as well as borrowing-related exposure. The principal currencies hedged were the US dollar and the Japanese yen. In 2006, firm commitment contracts and forecasted transactions were entirely hedged. In January 2007, forecasted transactions were hedged at 80% in accordance with Vivendi's internal procedures with respect to foreign currency hedging and will be reviewed as of June 30, 2007.

In addition, in order to protect its net investment in certain Japanese subsidiaries against a potential devaluation, Vivendi hedged its Japanese exposure by setting up forward contracts for a notional amount of €221 million. For accounting purposes, such derivative instruments are qualified as net investment hedge.

26.2.1 Sensitivity of operating indicators and indebtedness to the US dollar and the Moroccan dirham

An increase represents the appreciation of the euro against currency concerned.

	USD				MAD			
Average exchange rate used over the year 2006	1.25				11.02			
Change assumptions	+5%	-5%	+10%	-10%	+5%	-5%	+10%	-10%
Revenues	-0.6%	0.6%	-1.3%	1.3%	-0.5%	0.5%	-0.9%	1.1%
Earnings before interest and income taxes (EBIT)	-0.1%	0.1%	-0.3%	0.3%	-1.0%	1.1%	-1.9%	2.3%
Net cash provided by operating activities	0.3%	-0.4%	0.6%	-1.0%	-0.9%	1.0%	-1.7%	2.1%

	USD				MAD			
Exchange rate used as at December 31, 2005	1.32				11.14			
Change assumptions	+5%	-5%	+10%	-10%	+5%	-5%	+10%	-10%
Redemption value of borrowings	-0.1%	0.1%	-0.1%	0.1%	-0.3%	0.3%	-0.5%	0.6%
Cash and cash equivalents	0.0%	0.0%	-0.1%	0.1%	-0.4%	0.5%	-0.8%	0.9%

26.2.2 Characteristics of foreign currency risk management instruments

As of December 31, 2006, excluding the net position of borrowings denominated in Moroccan Dirham (MAD), Vivendi's foreign currency denominated borrowings were not material. Nonetheless, Vivendi uses derivative instruments to manage its foreign currency exposure to intercompany current accounts denominated in foreign currencies. Details concerning these instruments are provided in the table below.

	December 31,	
(In millions of euros)	2006	2005
Currency swaps:		
Notional amount	€ 900	€ 2,844
Sales against the euro	308	2,257
Sales against other currencies	8	132
Purchases against the euro	576	444
Purchases against other currencies	8	11
Maturity:		
Due within one year	900	2,844
Forward contracts:		
Notional amount	278	43
Sales against the euro	236	-
Sales against other currencies	-	-
Purchases against the euro	27	-
Purchases against other currencies	15	43
Maturity:		
Due within one year	273	43
Due after one year and within five years	5	-

The following tables present the notional amount of currency to be delivered or received under currency instruments (currency swaps and forwards). Positive amounts indicate currency receivable and negative amounts currency deliverable.

The large reduction in US dollar, Canadian dollar and pound sterling currency instruments follows the simplification of the corporate structure of the US based activities, facilitated by the acquisition of MEI's approximate 7.7% interest in Universal Studios Holding in February 2006. More specifically, this operation enabled a reduction of approximately US$2.5 billion in the current account between Vivendi and Vivendi Holding I Corp. (the holding company for the US based businesses). Consequently, the currency swaps hedging this position were fully settled via the purchase of US dollars on the market during July 2006.

(In millions of euros)	December 31, 2006 EUR	USD	JPY	PLN	AUD	GBP	CAD	Other currency
Currency swaps:								
Sales against the euro	€ 308	€ (230)	€ -	€ (5)	€ -	€ -	€ -	€ (73)
Sales against other currencies	-	8	-	-	-	-	-	(8)
Purchases against the euro	(576)	230	186	54	66	-	4	36
Purchases against other currencies	-	(8)	-	-	-	-	-	8
Forward contracts:								
Sales against the euro	236	(5)	(221)	-	(3)	(7)	-	-
Sales against other currencies	-	-	-	-	-	-	-	-
Purchases against the euro	(27)	27	-	-	-	-	-	-
Purchases against other currencies	-	(15)	-	-	-	12	-	3
	€ (59)	**€ 7**	**€ (35)**	**€ 49**	**€ 63**	**€ 5**	**€ 4**	**€ (34)**

(In millions of euros)	December 31, 2005 EUR	USD	JPY	PLN	AUD	GBP	CAD	Other currency
Currency swaps:								
Sales against the euro	€ 2,257	€ (1,598)	€ -	€ (34)	€ -	€ (92)	€ (427)	€ (106)
Sales against other currencies	-	(113)	122	-	-	-	-	(9)
Purchases against the euro	(444)	316	23	-	56	14	1	34
Purchases against other currencies	-	(11)	-	-	-	2	-	9
Forward contracts:								
Sales against the euro	-	-	-	-	-	-	-	-
Sales against other currencies	-	-	-	-	-	-	-	-
Purchases against the euro	-	-	-	-	-	-	-	-
Purchases against other currencies	20	21	-	(42)	-	1	-	-
	€ 1,833	**€ (1,385)**	**€ 145**	**€ (76)**	**€ 56**	**€ (75)**	**€ (426)**	**€ (72)**

26.2.3 Group net balance sheet positions

The table below shows the Group's net position in the main foreign currencies as of December 31, 2006:

(In millions of euros)	USD	GBP	JPY	AUD	PLN	Other
Assets	60	-	-	-	-	80
Liabilities	-	(187)	(164)	(58)	(57)	(21)
Net balance before management	**60**	**(187)**	**(164)**	**(58)**	**(57)**	**59**
Derivative financial instruments	(71)	182	185	57	49	(39)
Net balance after management	**(11)**	**(5)**	**21**	**(1)**	**(8)**	**20**

The position of the dirham (MAD) is not included in the table above due to local constraints associated with this currency.
A uniform decrease of 1% in exchange rates against all foreign currencies in position as of December 31, 2006 would have a cumulated negative impact of €0.7 million on net income.

26.3. Equity market risk management

26.3.1 Available-for-sale securities

Vivendi's exposure to equity market risk primarily relates to available-for-sale securities. Before equity market risk management, a decrease of 10% of the stock prices of these securities would have a negative net impact on equity of €22 million (compared to €140 million as of December 31, 2005).

26.3.2 Vivendi shares

As of December 31, 2006, Vivendi held 1.4 million treasury shares (2.5 million as of December 31, 2005), representing a total net carrying amount of €33.4 million (€51.7 million as of December 31, 2005). As of December 31, 2006, 79,114 treasury shares were held to hedge certain share purchase option plans granted to executives and employees, and 1,300,389 treasury shares were in the process of cancellation. Such cancellation, which will be completed in the beginning of 2007, is due to the conversion of ADS stock options into stock

appreciation rights which are cash settled (please refer to note 21 "Share-based compensation"). A 10% decrease in the trading value of Vivendi shares would have a negative impact of €4.1 million on the value of Vivendi treasury shares.

Vivendi purchased call options on its own stock in June 2001 and December 2002 in order to enable the Group to deliver shares upon the exercise of share purchase options granted to employees. Based on the current stock price, no options are in the money.

	December 31,	
	2006	2005
Call options purchased on Vivendi shares		
Number of shares	27,642,512	29,824,619
Total strike price (in millions of euros)	2,001	2,149
Maturity	December 2008	December 2008

In 2006 and 2005, Vivendi also hedged certain equity-linked to Vivendi and Canal+ SA debts using indexed swaps.

	December 31,	
(In millions of euros)	2006	2005
Equity-linked swaps:		
Notional amount	€ 123	€ 132
Maturity:		
Due within one year	-	9
Due between one and five years	123	123

26.3.3 Hedges of other commitments and bonds exchangeable for shares

Vivendi has entered into call option agreements and has acquired subscription warrants to hedge certain commitments and bonds exchangeable for shares.

	December 31,	
	2006	2005
Veolia Environnement warrants (a)		
Number of warrants	-	218,255,690
Total strike price	-	1,715
Maturity	-	March 2006

(a) These warrants, given in December 2001 to Veolia Environnement shareholders, allow their holders to subscribe for Veolia Environnement shares for €55 per share at a ratio of one share for seven warrants. These warrants would have allowed Vivendi to deliver Veolia Environnement shares at the initial maturity date (March 2006) of the exchangeable bonds issued in March 2001. This bond issue was redeemed in cash in March 2003 and, given the market price of the Veolia Environnement share in March 2006, these warrants matured in March 2006 and were not exercised.

The main call options sold on exchangeable bonds (embedded derivatives) are as follows:

	December 31,	
	2006	2005
Embedded derivatives		
Sogecable shares (a)		
Number of shares	7,611,615	8,340,850
Maturity	October 2008	October 2008

(a) As of December 31, 2006, Vivendi held 7.6 million Sogecable shares (compared to 8.3 million as of December 31, 2005) with a carrying amount of €206 million (compared to €282 million as of December 31, 2005), to hedge residual outstanding bonds exchangeable for shares (Please refer to Note 15.1 "Changes in available-for-sale securities"). On October 30, 2003, Vivendi issued bonds which are exchangeable for common shares of Sogecable and which mature on October 30, 2008 (please refer to Note 23.1 "Long-term borrowings and other financial liabilities". These bonds consist of a financial debt as well as a financial derivative instrument. The option granted to the bondholders is recorded as an embedded derivative for its fair value (€26 million as of December 31, 2006, compared to €50 million as of December 31, 2005). The debt component is recorded at amortized costs of €203 million and €213 million as of December 31, 2006, and 2005, respectively.

26.4. Credit and investment concentration risk and counter-party risk

Vivendi minimizes the concentration of its credit and investment risk and counter-party risk by entering into credit and investment transactions only with highly rated commercial banks or financial institutions and by distributing the transactions among the selected institutions (rated at least A- by rating agencies).

Although Vivendi's credit risk is limited to the replacement cost at the present-estimated fair value of the instrument, management believes that the risk of incurring losses is remote and those losses, related to such risk if any, would not be material. The market risk on foreign exchange hedging instruments should be offset by changes in the valuation of the underlying hedged items. Vivendi's receivables and investments do not represent a significant concentration of credit risk due to its wide customer base, the wide variety of customers and markets in which its products are sold, the geographic diversity of its reporting units and the diversification of its portfolio among instruments and issuers.

26.5. Liquidity risk

Given the current level of indebtedness, associated with net cash provided by operating activities, the financial flexibility of the Group is, in Vivendi management's opinion, fully restored.

Note 27. Consolidated statements of cash flows for the years ended December 31, 2006 and 2005

27.1. Adjustments

(In millions of euros)	Note	Year Ended December 31, 2006	Year Ended December 31, 2005
Items related to operating activities with no cash impact			
Amortization and depreciation of tangible and intangible assets	4.4	€ 1,580	€ 1,695
Change in provision, net		80	(165)
Gains (losses) on tangible and intangible assets		11	(7)
Items related to investing and financing activities			
Proceeds from sales of property, plant, equipment and intangibles assets		32	5
Adjustments		**€ 1,703**	**€ 1,528**

27.2. Investing and financing activities with no impact on Vivendi's cash position

(In millions of euros)	Year Ended December 31, 2006	Year Ended December 31, 2005
Redemption of borrowings and other financial liabilities by issuing financial instruments other than cash and cash equivalents	21	363

Note 28. Transactions with related parties

This note presents transactions with related parties performed during 2006 and 2005, which could impact results, activities or the financial position of the Group in 2007 or thereafter. As of December 31, 2006, and to the best of the Company's knowledge, no transactions with related parties presented hereunder are likely to have a material impact on the results, activities or financial position of the Group.

Group related parties are those companies over which the Group exercises control, joint control or significant influence (joint ventures and equity affiliates), shareholders exercising joint control over Group joint ventures, minority shareholders exercising significant influence over Group subsidiaries, executive officers, Group management and directors and companies over which the latter exercise control, joint control, significant influence or in which they hold significant voting rights.

28.1. Compensation of Directors and Officers

The table below is a breakdown of Vivendi's compensation costs (including social security contributions) as well as other benefits granted to Management Board and Supervisory Board members in accordance with the different categories required by paragraph 16 of IAS 24.

(In millions of euros)	December 31, 2006	December 31, 2005
Short-term employee benefits (a)	€ 25	€ 27
Social security contributions	3	3
Pension and post-retirement benefits (b)	3	3
Other long-term benefits	-	-
Termination benefits (c)	ns*	ns*
Share-based compensation	10	13
Total	€ 41	€ 46

ns*: not significant.

(a) Includes fixed and variable compensation and related social security contributions, benefits in kind, as well as Supervisory Board attendance fees recognized over the period.

(b) Includes defined pension benefit plans.

(c) Corresponds to the provision recognized over the period with respect to conventional indemnities upon voluntary retirement.

28.2. Other related parties

28.2.1 Operations entered into during the normal course of business

In 2006 and 2005, most Vivendi related companies were equity affiliated (e.g., NBC Universal, Elektrim Telekomunikacja (until December 2005), Cegetel S.A.S. (from January 1, 2005 to August 22, 2005; please refer to Note 7 "Discontinued operations and assets held for sale"), Neuf Cegetel (from August 22, 2005) and UGC (until December 15, 2005). Vivendi's related companies also include minority shareholders which exercise significant influence on Group affiliates such as Vodafone, which owns 44% of SFR, the Kingdom of Morocco, which owns 34% of Maroc Telecom and Lagardère, which holds interests in CanalSatellite (please refer to Note 2.1 relating to Canal+ France, in which Lagardère holds a 20% interest after contributing its 34% interest in CanalSatellite to Canal+ France). The main related party transactions and amounts outstanding by these companies or Vivendi are detailed hereunder:

(In millions of euros)	December 31, 2006	December 31, 2005
Assets		
Non current content assets	€ 66	€ 21
Non current financial assets	1	181 (a)
Inventories	-	21
Trade accounts receivable and other	218	166
Liabilities	-	-
Trade accounts payable and other	14	12
Short-term borrowings and other financial liabilities	476 (b)	251
Statement of earnings		
Revenues	431	645
Operating expenses	(751)	(781)
	€ (320)	€ (136)

(a) Includes notes issued by Neuf Telecom for €180 million and redeemed in 2006

(b) Includes the interim dividend to be paid by SFR to Vodafone with respect to fiscal year 2006 (€197 million)

The following developments represent additional information on some of the related party transactions listed above.

UMG – Agreement with Vodafone for the delivery of music content (2005-2006)

Universal Music Group signed an agreement with Vodafone in November 2005 for the supply of multimedia content to Vodafone *Live!* customers. This range of music content services will notably include ring-tones, audio and video downloads and video streaming.

UMG – NBC Universal (2005-2006)

UMG distributes NBCU's physical products, almost exclusively DVDs, primarily in the UK, on an arm's length basis.

The Canal+ Group - Agreement for exclusive first-broadcasting rights to NBCU studio's production (2005-2006)

In December 2004, the Canal+ Group and NBCU signed a long-term contract which gives the Canal+ Group exclusive first-broadcasting rights to NBCU studio's production. This deal is an extension of a previously signed commitment between these two groups.

As of December 2006, total off-balance sheet commitments given by the Canal+ Group to NBCU amounted to approximately €415 million compared to €410 million as of December 31, 2005. These commitments consist of: (i) broadcasting rights regarding NBCU programs broadcast on the Canal+ Group channels, (ii) NBCU channels broadcast on CanalSatellite, and (iii) a movie production and distribution agreement with Studio-Canal. Studio-Canal also entered into distribution agreements with Universal Television Distribution and Universal Pictures International (received commitments amounting to €33 million, compared to €38 million as of December 31, 2005).

In 2006, the Canal+ Group recorded revenues of €92 million (€123 million in 2005) and operating expenses of €77 million (€90 million in 2005) in respect of business with NBCU and its subsidiaries. As of December 2006, total receivables amounted to €48 million (compared to €35 million as of December 31, 2005) and total payables amounted to €10 million (compared to €34 million as of December 31, 2005). In addition, Studio Canal invested up to €66 million in co-production projects (compared to 21 million in 2005).

SFR – Cooperation with Vodafone (2005 – 2006)

Vodafone and SFR signed an agreement in 2003 to increase their cooperation and their joint economies of scale in a number of different areas through: coordination of their activities in the development and rollout of new products and services, including Vodafone *live!*; development of operational synergies in procurement (including IT and technology) and best practice sharing. In 2006, SFR paid €60 million under this agreement.

SFR – Cooperation with Cegetel SAS (2005-2006)

SFR, which contributed 100% of its interest in the share capital of Cegetel SAS in exchange for 28.19% of Neuf Telecom in 2005, entered into a commercial agreement, effective as of August 22, 2005, which gives Cegetel SAS the right to carry a guaranteed volume of SFR calls at a predetermined price in 2006 and 2007.

Maroc Telecom - Contract with Casanet (2005 – 2006)

In 2003, Maroc Telecom and Casanet entered into several agreements regarding the maintenance and administration of the IAM Internet portal (Menara), the hosting and development of the IAM mobile portal, the hosting of the IAM El Manzil site, the maintenance of the Menara portal new WAP modules and the production of content linked to these modules and the sale of leased line internet access on behalf of IAM.

28.2.2 Other transactions

The Canal+ Group/Vivendi – Agreement with Lagardère (2006)

In 2006, transactions occurred with Lagardère following the combination of Canal+ and TPS pay-TV activities in France. Please refer to Note 2.1 "Combination of the Canal+ France and TPS pay-TV activities in France".

SFR- Put option granted to Neuf Cegetel on SHD (2006)

Under the terms of the partnership agreement entered into in 2006, between SFR and Neuf Cegetel, SFR granted a put option to Neuf Cegetel on 34% of the capital of SHD (which holds WiMax licenses). The commitment to purchase this minority interest was recorded in borrowings and other financial liabilities for €12 million as of December 31, 2006.

SFR - Put option granted to SNCF on 35% of the share capital of Cegetel S.A.S. (2005)

Under the terms of the partnership agreement entered into 2003, between SFR and SNCF, SFR granted a put option to SNCF on 35% of the capital of Cegetel S.A.S. The commitment to purchase minority interest was recorded in borrowings and other financial liabilities for the present value of the purchase consideration, i.e. €304 million as of December 31, 2004. In August 2005, as part of the combination between Cegetel S.A.S. and Neuf Telecom, SFR acquired the stake held by SNCF for €401 million (please refer to Note 2.6. "Combination of Cegetel S.A.S. with Neuf Telecom on August 22, 2005").

Maroc Telecom - Agreement with Al Akhawayn University (2005-2006)

On December 21, 2004, the Supervisory Board authorized Maroc Telecom to sign an agreement with Al Akhawayn University (the President of this University was a member of Maroc Telecom's supervisory board until March 2005). The aim of the agreement is to establish a cooperation global framework in order to set up joint activities in scientific and technical fields where both entities share the same interests, in particular in the research and development and studies and consulting fields. The chairman of the management board of Maroc Telecom is still a member of the Board of Directors of the University.

Vivendi S.A. – Loan agreement with SFR (2006)

In December 2006, Vivendi and SFR entered into a loan agreement. In accordance with its terms, Vivendi committed to make available to SFR a € 700 million revolving credit facility over a 3 year period. It carries a 0.15% spread over the EURIBOR rate. The loan agreement was approved by Vivendi's Supervisory Board and by the board of SFR.

Vivendi S.A.- Acquisition of an additional 16% of the share capital of Maroc Telecom from the Kingdom of Morocco (2005)

Please refer to Note 2.5 "Acquisition of an additional 16% of the capital of Maroc Telecom by Vivendi on January 4, 2005".

Vivendi S.A. - Divestiture of the stake in UGC to family shareholders (2005-2006)

In December 2005, when the call was exercised by the family shareholders, Vivendi completed the divestiture of the 37.8% stake representing 40% of the voting interests, previously equity-accounted, held in UGC S.A.'s share capital for an amount of €89 million (including interest). Until 2006, the price was subject to adjustment depending on the date of an onward sale by UGC family shareholders within the different exercise periods of the call. This clause is no longer applicable.

During 2006, Vivendi received €6 million in cash (compared to €55 million in 2005), with the remaining balance of approximately €29 million due in 2007 and 2008. This transaction generated a capital gain of €10 million in 2005.

Vivendi S.A. and Veolia Environnement (2005-2006)

On December 20, 2002, Vivendi and Veolia Environnement entered into an agreement in order to complete the separation of the two companies, following Vivendi's divestiture of 20.4% of Veolia Environnement's capital stock. Pursuant to this agreement, guarantee and counter-guarantee agreements originally established in June 2000 were modified. This agreement is described in Note 29.4 "Contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares".

Vivendi S.A. – Agreement signed between the Company and one of the members of the Supervisory Board – services contracts (2005-2006)

In accordance with the provisions of Article L. 225-86 of the French Commercial Code, the Supervisory Board's meeting held on June 7, 2005 approved the Company's entering into a service contract with Conseil DG, chaired by Mr. Andrzej Olechowski, a member of the Supervisory Board, for a period of one year, renewable annually. This contract mainly relates to the defense and the perpetuation of the economic interests held by the company in the Telecoms and TV domains in Poland. Pursuant to said contract, the fees have been set as follows: a total fixed fee of €60,000 (excluding tax), payable in monthly payments of €5,000 (excluding tax), and a fixed results fee of €1,000,000 (excluding tax), less any sums paid as fixed fees, in the event that a definite settlement of the court cases in Poland occurs during the contract. From June 8, 2005 to December 7, 2005, payments made by Vivendi under this contract amounted to €30,000 (excluding tax).

At a meeting held on June 7, 2006, Vivendi's Supervisory Board approved the renewal of the above-mentioned service contract with Conseil DG, for a period of one year. This contract is now automatically renewable for successive one-year terms. The other terms of the contract remained unchanged. For 2006, Vivendi paid €60,000 (excluding tax) under this contract.

Note 29. Contractual obligations and contingent assets and liabilities

Vivendi's contractual obligations and contingent assets and liabilities include:

- Contracts related to operations such as content commitments (please refer to Note 10.2 "Contractual content commitments"), contractual obligations and commercial commitments recorded in the statement of financial position, including finance leases (please refer to Note 12 "Property, plant and equipment"), off balance sheet operating leases and subleases and off-balance sheet commercial commitments, such as long-term service contracts and purchase or investment commitments;
- Commitments related to investments or divestitures such as share purchase or sale commitments, contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares, commitments resulting from shareholders' agreements and collateral and pledges granted to third parties over Vivendi's assets,
- Contingent assets and liabilities linked to litigations in which Vivendi is either plaintiff or defendant (please refer to Note 30 "Litigations").

29.1. Contractual obligations and commercial commitments recorded in the statement of financial position

Below is the summary of contractual obligations and commercial commitments recorded in the statement of financial position as of December 31, 2006 and December 31, 2005. Further information is provided in Notes 29.1.1 and 29.1.2 of the present document and in the notes mentioned in the table below.

(in millions of euros)	Note	Total as at December 31, 2006	Payments due in 2007	Payments due in 2008-2011	Payments due in After 2011	Total as at December 31, 2005
Long-term borrowings and other financial liabilities	23	€ 4,714	€ -	€ 2,831	€ 1,883	€ 4,545
including finance leases		*247*	-	*70*	*177*	*362*
Short-term borrowings and other financial liabilities	24	2,601	2,601	-	-	2,215
including short term finance leases		*10*	*10*	-	-	*1*
Contractual content commitments	10.2	2,151	1,907	208	36	2,218
Subtotal - recorded in the Consolidated Statement of Financial Position		**9,466**	**4,508**	**3,039**	**1,919**	**8,978**
Operating leases	29.1.1	1,382	236	729	417	1,449
Contractual content commitments	10.2	4,252	1,891	1,710	651	4,560
Other purchase obligations	29.1.2	1,438	541	679	218	1,058
Subtotal - not recorded in the Consolidated Statement of Financial Position		**7,072**	**2,668**	**3,118**	**1,286**	**7,067**
Total contractual obligations		**€ 16,538**	**€ 7,176**	**€ 6,157**	**€ 3,205**	**€ 16,045**

Commitments specific to risk management are presented in Note 26.

29.1.1 Off balance sheet operating leases and subleases

(in millions of euros)	Future minimum lease payments December 31, 2006	Payments due in 2007	Payments due in 2008-2011	Payments due in After 2011	Future minimum lease payments December 31, 2005
Buildings (a)	€ 1,401	€ 231	€ 751	€ 419	€ 1,475
Other	29	15	14	-	31
Leases	**1,430**	**246**	**765**	**419**	**1,506**
Buildings (a)	(48)	(10)	(36)	(2)	(57)
Subleases	**(48)**	**(10)**	**(36)**	**(2)**	**(57)**
Net total	**€ 1,382**	**€ 236**	**€ 729**	**€ 417**	**€ 1,449**

(a) Mainly relates to offices and technical premises.

As of December 31, 2006, €20 million of provisions were recorded in the statement of financial position with respect to operating leases (compared to €30 million as of December 31, 2005).

In 2006, net expense recorded in the statement of earnings with respect to operating leases amounted to €351 million compared to €302 million in 2005.

29.1.2 Off balance sheet commercial commitments

(in millions of euros)	Future minimum payments December 31, 2006		Payments due in 2007	Payments due in 2008-2011	Payments due in After 2011	Future minimum payments December 31, 2005
Satellite transponders (a)	€ 774		€ 139	€ 424	€ 211	€ 883
Investment commitments (b)	561	(c)	366	190	5	183
Other	141		54	81	6	121
Given commitments	**1,476**		**559**	**695**	**222**	**1,187**
Satellite transponders	(38)		(18)	(16)	(4)	(47)
Other	-		-	-	-	(6)
Received commitments	**(38)**		**(18)**	**(16)**	**(4)**	**(53)**
Net total	**€ 1,438**		**€ 541**	**€ 679**	**€ 218**	**€ 1,134**

(a) Please refer to Note 32 "Subsequent events".

(b) Mainly relates to SFR and Maroc Telecom.